

DOLLARS + SENSE

How to live the good life
without breaking the bank.

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TEACHER'S GUIDE



BECU

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Introduction

This guide was created to supplement the special section “Dollars + Sense” in partnership with BECU and The Seattle Times Newspapers In Education (NIE) that appeared in The Seattle Times on April 22, 2018 and on the NIE website at seattletimes.com/nie thereafter. This teacher’s guide connects to the Washington State Learning Standards for Financial Education. Teachers are encouraged to modify the guide to fit their individual classroom needs. Please be sure to preview all of the content before sharing with your students.

Background Information for Teachers

The special section “Dollars + Sense” and this teacher’s guide were created to help students learn more about financial health, why it is important and the decisions that impact it. Before teaching this material, you can learn more about financial health and what factors are used to determine it at:

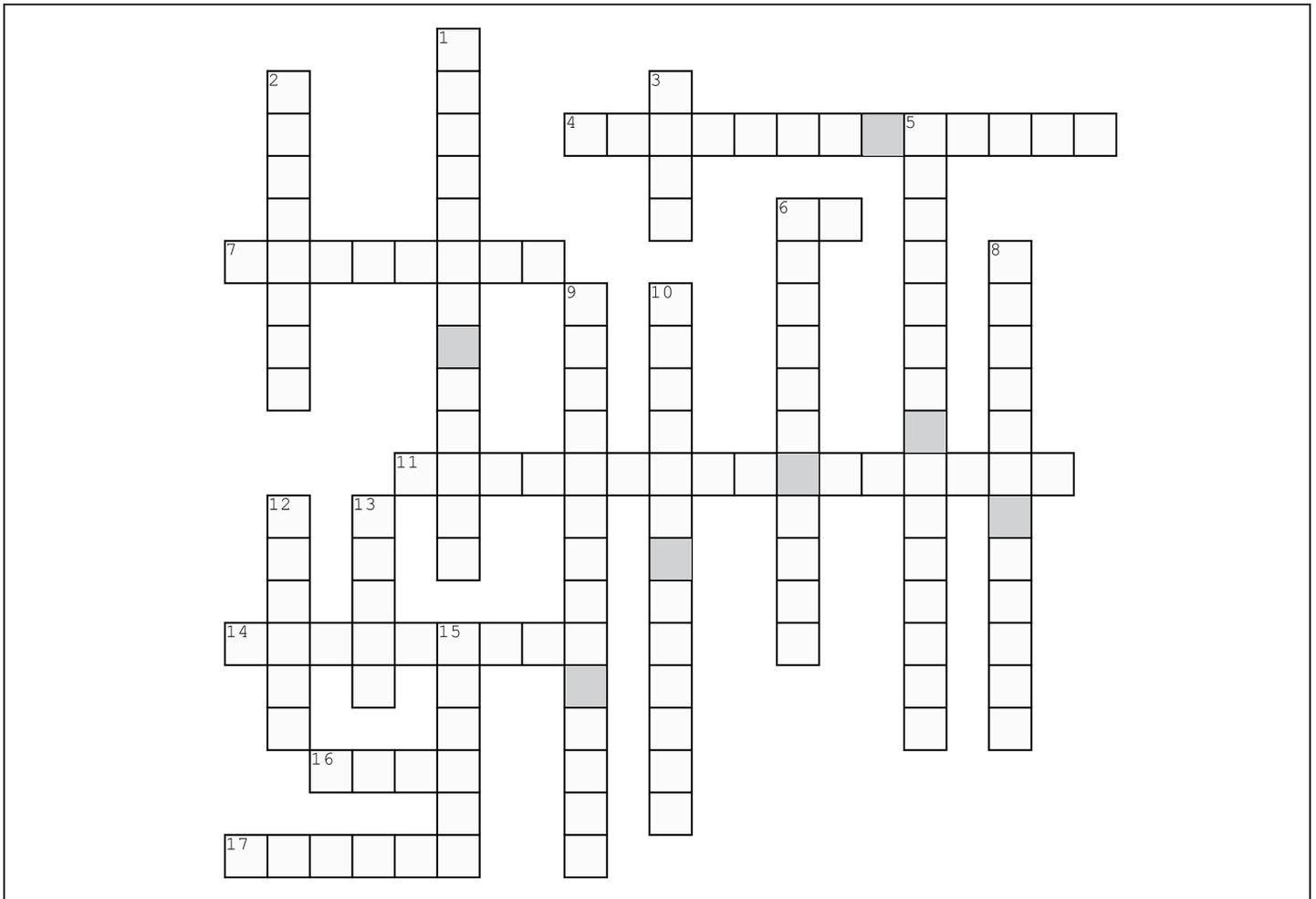
Center for Financial Services Innovation’s publication
Eight Ways to Measure Financial Health – May 2016

<https://cfsinnovation.org/research/eight-ways-to-measure-financial-health/>

This content was used in conjunction with the “Dollars + Sense” program and the Washington State Learning Standards for Financial Education to create the lessons in this guide.

LESSON 1 – VOCABULARY BUILDING

Note to Teachers: To help students get more comfortable with financial terms, have them complete this crossword puzzle after reading through the “Dollars + Sense” special section.



Across

- 4. The sense of surprise that comes from seeing the true price of an item and realizing the cost is much more than one thought.
- 6. An account to deposit money into at a credit union or other financial institution that has a fixed interest rate and time of withdrawal. If you withdraw the money early, you will incur a penalty.
- 7. The percentage rate the borrower pays on the amount of money borrowed.
- 11. The state of an individual’s financial situation.
- 14. The amount borrowed from a credit institution.
- 16. To store up money for future use.
- 17. A plan of expenses and income for a set period of time.

Down

- 1. The advertised price of something.
- 2. A person’s fixed and variable purchases and costs.
- 3. A statement from a company with the amount of money owed.
- 5. An account to deposit money into at a credit union or other financial institution that allows you to accrue interest and to take out money without penalty.
- 6. A card that allows the holder to purchase items on credit.
- 8. A number ranging from 300-850 that shares how a credit report was graded.
- 9. An evaluation of a person’s current and future financial state to help them make informed decisions for saving, borrowing and spending to achieve their goals.
- 10. A document that makes it easy for companies to view your credit history.
- 12. To accept money from a third party with the intention of returning it.
- 13. To pay out money for goods or services.
- 15. Put money or time into something with the intention of getting a return.

LESSON 2.1 – SAVING: EARNING INCOME

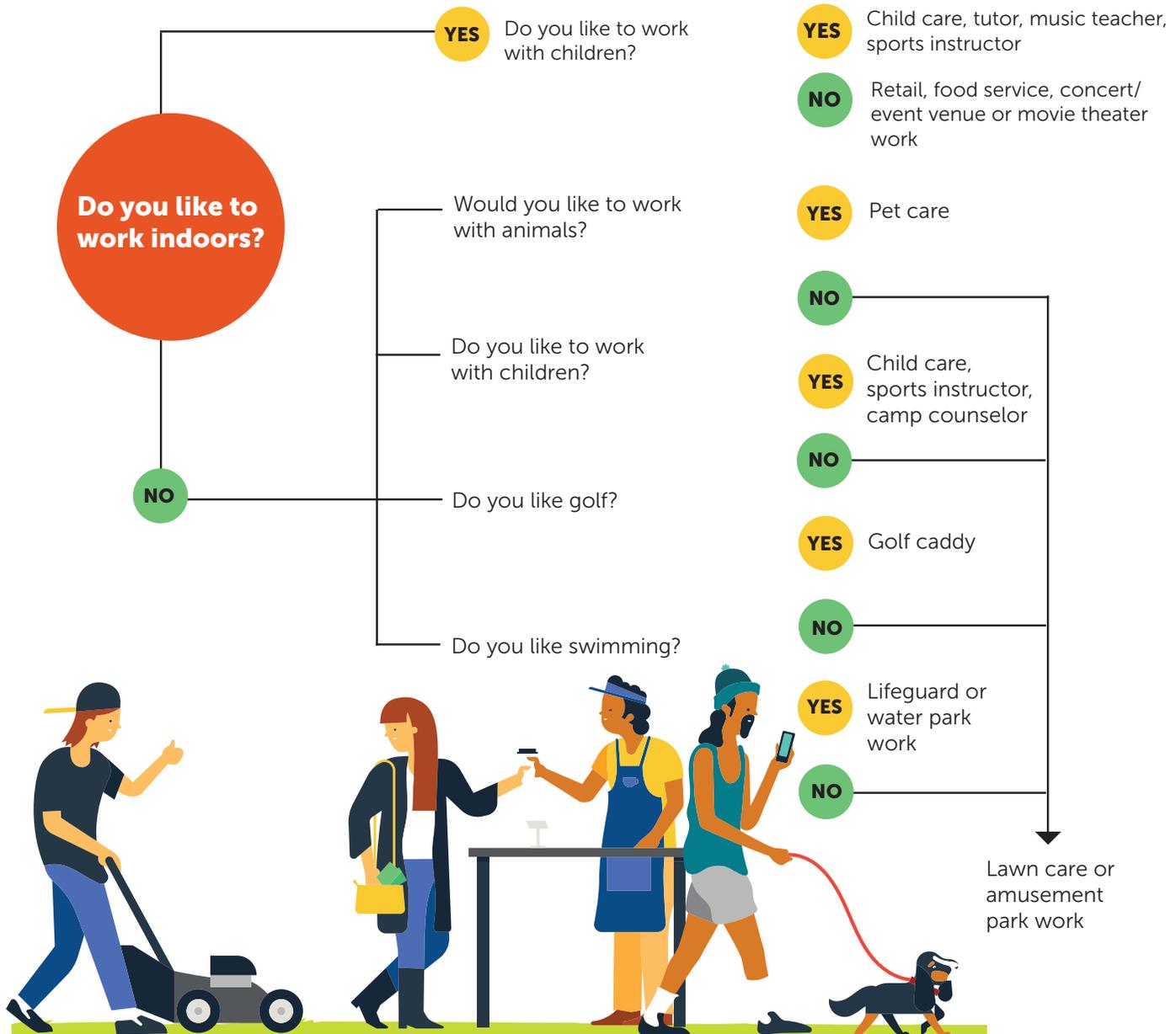
Note to Teachers: This lesson is intended to help students learn more about how to earn an income and start saving by setting them up for success when searching for and applying to a job. It may be beneficial to include information about laws in your city and state for underage workers. There are discussion prompts throughout the lesson to help guide the lesson, but it will be helpful if you can share your experiences with job applications and some examples of excellent resumes and cover letters.

Lesson 2.2 is an extension of this lesson where students will learn more about financial institutions and options for saving, so they can determine what to do with their new income.

Activity

In order to finance your current or future dreams and expenses, and to start building up your savings, you need to have some source of income. As a student, your options for work are somewhat limited, but you do have the opportunity to look for a summer job to start to make some money.

Consider what type of summer job may be the best fit for you using the Summer Work Pathways activity below.



Once you have completed the Summer Work Pathways activity, determine an after-school or summer job that interests you. Start to research available jobs in the field you are interested in, and compile a list of job titles that you are qualified for.

Note to Teachers: Have students share what types of jobs they are the most interested in and any challenges they had in researching the jobs. Have students share advice from their own experiences and also share advice you have for places to look for jobs, ways to do this research and what things to look for in job descriptions to know more about the job and the company.

Class Discussion Prompts and/or Journal Activity

- What types of jobs did the Summer Work Pathways activity point you to?
- Do these seem like jobs you would like? Why or why not?
- After initial research into specific jobs, were you able to find any that interested you? If yes, what were they? How did you know they might be a good fit? If no, why were they not a good fit? What did you learn from that experience that may help you find something that is a better fit?
- What qualifications do these jobs require?
- What ways can you look for jobs beyond the method used in your initial research?
- Once you do start earning income, what are your options for how to save your money? Why is it important to save some of your income?

Teacher Led Discussion

Discuss with students how to actually apply once they pick jobs that sound like winners.

Talk about

- Possible informational interviews to learn more about the position or company
 - Questions to ask at an informational interview (students can brainstorm more): What is the purpose of your work? How do you spend most of your time at work? What skills does your job require? What education does your job require?
- The application process and how it can differ between jobs
- Resumes and cover letters and what is required for each (find and share examples and best practices with your students)
- The interview process
- What you do once you are done with the standard process (such as writing thank you notes, following up with the HR team/hiring manager and staying professional)

Extension

Have students pick one of the jobs that sounded the most interesting from their research and create a resume and cover letter for that position.

Students should bring these back to class at a later date you determine to share with a partner for peer review and editing.

LESSON 2.2 – SAVING: GROWING YOUR SAVINGS

Note to Teachers: This lesson was written to follow lesson 2.1. In lesson 2.1 students learned how to find a job so they can start earning an income and in lesson 2.2 they will learn more about how to start saving the money they earn.

Journal Prompts

Answer the following questions about yourself.

- What income do you currently have? (Include any allowance, birthday money, income from an after-school job, etc.)
- How would your income change if you got the summer job you were researching in the last lesson?
- What do you currently do with the income you have? Do you save any money? How?
- What financial decision can you make today that will positively impact your future?

Activity: How to Save

Where is the best place for your money? If you answered “stuffed in your wallet or tucked under your mattress,” you might want to reconsider. Putting your money in a credit union or other financial institution has several benefits. Learning the basics of banking today can help you to make smart choices for your money for years to come. One major advantage of banking is the safety and security of a financial institution; you won't have to remember where you put that \$20 your mom gave you. A second major advantage to depositing into a financial institution is the interest you can acquire. In other words, you can earn extra money by depositing and saving money in your savings account. Over time the interest can add up.

Putting aside money each month (even if it is a small amount) will grow your bank account in no time. There are several ways to save money in a financial institution. Two of the most common ways are through a savings account or CD (Certificate of Deposit).

- A savings account allows you to deposit money, accrue interest and withdraw funds in person or at an ATM without penalty. This account is best for people who will make a limited number of withdrawals, but who need the ability to access their money at any time.
- A CD is a type of deposit account at a credit union or other financial institution that has a fixed interest rate (which can yield higher interest than a savings account) and time of withdrawal (typically 12 months or greater). You will need to leave the money in the account until the withdrawal period is over. If you take it out early, you will be charged a fee, or penalty. If you don't need to access your money for awhile, a CD is a smart choice.

For the following questions, consider Gregory, a student with an after school job that earns an income of \$400 a month.

- If Gregory follows the advice in "Dollars + Sense" and aims to save 20 percent of what he earns, how much would he save a month? How much would he be able to spend?
- If he did not earn any interest on the money he saves, how much would he save in one year?
- If he earned 1 percent interest, how much would he save in a year?

Now consider the following financial scenarios and complete the table with the amount of interest you would earn on \$100, \$500, and \$1,000. Since removing money from a CD before it matures results in a fee, use a \$20 fee for the purpose of this exercise.

	Savings Account 0.10% interest amount in 12 months	12 months CD 0.80% interest	24 month CD 1.00% interest
Amount: \$100			
Amount: \$500			
Amount: \$1,000			
\$20 fee if money is withdrawn before the maturation date	N/A	\$100: \$500: \$1,000:	\$100: \$500: \$1,000:

Which type of account earns you more money in general?

Which type of account is best if you want to withdraw within 12 months?

What are the advantages and disadvantages of a savings account?

What are the advantages and disadvantages of a CD?

What account do you think is the best for you? Why?

LESSON 3 – SPENDING: CREATING A BUDGET

Note to Teachers: Budgets are useful tools that families, businesses and even the government use to help track income and expenses. Budgets are used to plan for future spending, saving and major purchases. In this lesson students will learn more about how and why to create a budget and will practice managing spending to achieve financial goals.

To kick off the lesson, have students reflect on budgets and the budgeting process. Use the following questions to prompt discussion.

Class discussion questions:

- Who uses budgets? Why? How does this differ between personal, corporate and government budgets?
- Do you or your family have a budget? Why or why not?
- Why are budgets important?
- Why is saving important?
- What needs to be taken into consideration when creating a budget?
- What are constants within a budget (e.g. expenses like rent)? What are variables (e.g. birthday gifts, medical bills)?
- What is the difference between wants and needs? How can you plan for both of these within a budget?

MONTHLY EXPENSES	
Savings	\$
Rent	\$
Utilities	\$
Internet	\$
Auto Loan	\$
Auto Insurance	\$
Gas	\$
Bus	\$
Food	\$
Clothing	\$
Phone/Mobile Plan	\$
Entertainment	\$
Credit cards and other debt	\$
Pets	\$
Personal Care	\$
Charity	\$
TOTAL MONTHLY EXPENSES	\$

Group work

Have students break into groups of 3-4 to develop a 'typical' household budget, looking for the average costs for each of the following for a family of four in the Monthly Expenses activity below. Students will then continue to work in their groups to answer the follow up questions.

Based on these 'typical' monthly expenses for a family of four, what might this household's combined net income need to be?

Are there any major categories of expenses that you think are missing from this expenses tracker? How might that change this family's monthly expenses if they were added in?

According to the Washington State Department of Health and Human Services, the median monthly income for a family of four in Washington state in 2018 is \$7,412. In the monthly expenses worksheet completed, if you assume the family of four makes the median Washington State income, can they afford the budget that was created? (Remember to consider taxes.)

Will they have any left over for savings? By how much after one month? One year?

Will they be in debt? By how much after one month? One year?

The special section “Dollars + Sense” lists goals for spending, with no more than 50 percent of your monthly income going toward basic needs (food, transportation, housing), 20 percent toward emergencies, debt and savings, and 30 percent toward fun activities and purchases. Does this family follow this 50 / 20 / 30 example?

If the parents in this family wanted to budget to save \$100 a month for college tuition, could they afford it? Are there any simple adjustments this family can make to their expenses to save money? Talk about trade-offs this household might have to make to keep its expenses lower than the income it brings in. Or to increase their savings in the future.

Extension

Create a budget for yourself or your family. Include all incomes you receive (allowance, pay from part-time jobs, birthday gifts, etc.) and all of your fixed and variable expenses. Consider whether you currently have money left over and can start saving, or if you owe more money than what you make, and what you can do to create more of a surplus in the future.

Also consider your options if you have a surplus (or have one in the future.) Where can you put your money to start increasing your savings? What options do you have?

LESSON 4 – BORROWING: GIVE ME SOME CREDIT

Note to Teachers: Students will explore credit and credit cards in this lesson to learn more about the borrowing process and the benefits and drawbacks of borrowing vs. paying in full using cash or debit. Start the lesson by exploring the following discussion prompts with your students and be sure to go through the Teacher-Led Example as a class before students complete the activity on their own.

Class Discussion Questions

- What is credit?
- How can you establish credit? What steps can you take on your own? What (if anything) do you need an adult's help with?
- What is the importance of having a higher credit score?
- What are your options to pay for small/inexpensive items? What are your options for paying for larger purchases?
- What is the difference between principal and interest on a loan?
- What are benefits of using credit (either a credit card or loan) to pay for a major purchase? What are the drawbacks?
- If you know you cannot pay back the purchase price within a year, should you purchase using a credit card? Why or why not? Are there any special circumstances which may require you to?

Note to Teachers: As a class, go through the following example before students work in partners to complete the rest of the activity.

If you are running short on cash and your short-term goals (such as buying a new car) are calling, using credit to make a purchase may seem like a good idea. Before you hand over your credit card or take out a loan, let's take a look at the real cost of using credit.

Teacher Led Example

Imagine that you want to buy a brand-new \$5,000 iMac Pro. Let's say that the interest rate on credit is 18 percent with a minimum payment of 2.5 percent per month.

Q: What will the monthly interest be?

A: 18% divided by 12 months in a year is 0.015 (or 1.5%)

Q: How much will you be charged in interest per month?

A: $\$5,000 \times 0.015 = \75.00

Q: What is your minimum payment per month?

A: $\$5,000 \times 2.5\% = \125.00

Q: What amount is applied to the principal of the loan from your payment of \$125.00?

A: $\$125.00 - \$75.00 = \$50.00$

Q: What amount will you still owe after your payment of \$125.00?

A: $\$4,950 (\$5,000 - \$50 = \$4,950)$

Partner Activity

Follow the example scenario you reviewed as a class to answer the following questions:

Imagine that you want to buy an \$800 new iPhone. Let's say the interest rate on credit is 17 percent with a minimum payment of 2 percent per month.

1. What will the monthly interest rate be?
2. How much will you be charged in interest per month?
3. What is your minimum payment per month?
4. What amount is applied to the principal of the loan from your payment?
5. What amount do you still owe after your payment?
6. If you only pay the minimum payment, how long will it take you to pay off the \$800 balance? How much will you end up paying in total in the end?
7. Repeat questions 1-6 with this new scenario: This time when you are thinking about purchasing an \$800 iPhone (assuming the same interest rate and minimum payment as before), you decide to pay \$400 as a down payment using savings you built up the year before the purchase.
8. How did the down payment of \$400 change the experience?
9. What value is there to paying as much in cash up front? What might prevent you from doing so?
10. In what scenarios does it make sense to use credit? In what scenarios might you want to avoid using it?
11. Other than paying a down payment, are there ways to decrease the amount of money and time it takes to pay off a loan/credit card balance?
12. What other expenses are there (beyond just the initial phone payment) when you have a phone?

Extension

For homework, research the cost of a car you may want to buy and how car loans are typically structured. Determine how much you would have to pay over the course of the loan. Does that fit within your current budget? If not, are there any alternate types of vehicles or forms of transportation that do?

LESSON 5 – PLANNING FOR YOUR FUTURE

Note to Teachers: Now that students better understand how to earn an income, save, budget and borrow, help them to create a plan for their future. Students will create financial goals and start to research education options beyond high school.

Class Discussion Prompts

- How can creating goals help you plan for the future?
- Why is it important to plan for major purchases/expenses (cars, education, houses, retirement, etc.) in advance?
- What should you consider when planning for major purchases/expenses?
- What should you take into consideration when setting future goals for yourself?
- What things could get in the way of your goals? How do you plan for that within a financial plan?
- Why is it important to have a financial plan?

Goal Setting Activity

What are your goals for the income that you earn? As you set goals, think about what you want, when you want it and how you will save for that specific goal. Make sure your goals are realistic and attainable. Fill out the worksheet below with your short-term, medium-term and long-term goals.

Short Term Goals (up to 2 years)	Target Date	Savings Plan
Medium Term Goals (3–5 years)	Target Date	Savings Plan
Long Term Goals (6 or more years)	Target Date	Savings Plan

Once you have completed the Goal Setting Activity, share with the class at least one of your goals and see how your goals compare to your peers. Was there anything you missed in your goal setting that you would like to add in?

One major part of planning for high school students is determining how you will further and finance your education beyond high school. This could be anything from taking a certificate course to an apprenticeship program to enrolling in a four-year college and beyond. To help you start to think about this next big step in your life, complete the Planning for Education Beyond High School Activity.

Planning for Education Beyond High School Activity

- What do you want to do after high school to continue your education and make yourself more competitive in the work world?

- What schools, certificate programs, etc. are options for the type of education you are seeking?

- Research three different schools that offer programs that interest you. Try to include public and private options if possible (for example, a community college or technical school, a four-year private college or a four-year public college). For each program, answer the following questions:

- o What is the tuition cost for the program?

- o Are there any additional costs (room and board, textbooks, etc.)?

- o What tuition assistance does the school offer?

- o Can you have a part-time or full-time job while completing the education program?

- o What is the application process like?

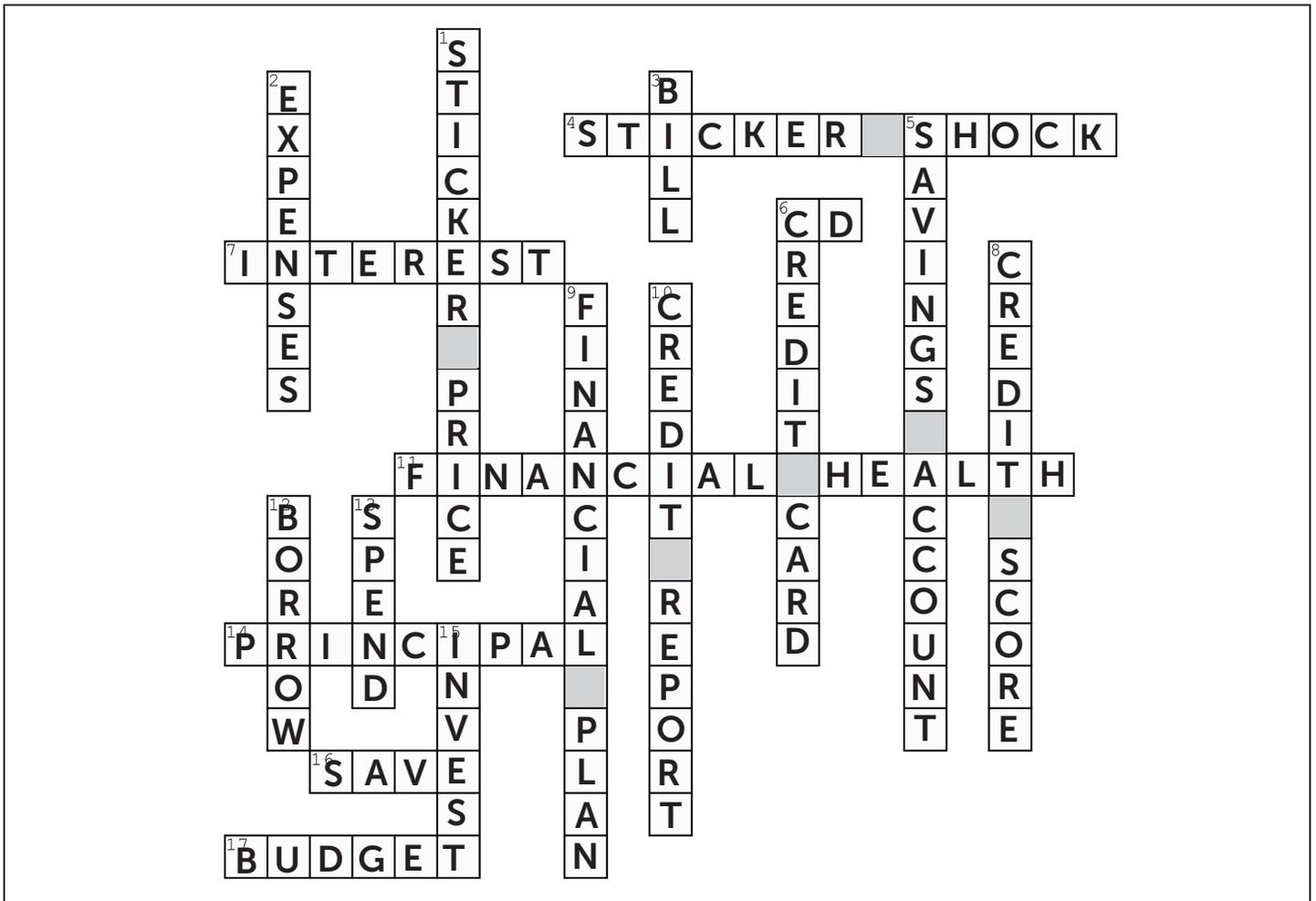
- o Are there any courses you should consider taking while still in high school to prepare yourself for the program?

- Compare what you learned about the three programs. What are the pros and cons of each?
- Based on your post-high school education decision, what type of saving will you need to do?
- What is the difference between a loan, a scholarship and a grant?
- Which is the best choice (or choices) for you? Why?

Extension

Research what scholarships there may be in your community, county or state that you can apply to in order to finance your education.

ANSWERS



Across

- 4. The sense of surprise that comes from seeing the true price of an item and realizing the cost is much more than one thought.
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