

LEARNING PLAN FORMAT**Personal Finance**

Thursday and Friday

STAGE 1: IDENTIFY DESIRED RESULTS**Understandings:**

1. That personal finance is dictated by personal decision making
2. That the economy, especially in the US, relies on personal finance decisions such as investment, insurance, saving, or spending
3. That financial choices in the present can determine the availability of personal financial decisions in the future

Essential Question(s):

1. What are the key components of personal finance and how do you create a personal finance strategy using these components?
2. What is a decision-making model and can it be used to evaluate different aspects of personal finance?

Standards:

- E4 Personal Finance
 - 4.1 Decision Making
 - 4.1.3 Personal Finance Strategy
 - 4.1.4 Key Components of Personal Finance

Lesson Content (Knowledge and Skills):

http://www.huffingtonpost.com/2013/08/14/cost-of-raising-a-child-usda_n_3757365.html

www.theeconomist.com

<http://www.federalreserve.gov/releases/g19/current/default.htm>

- Personal finance strategy
 - Earning
 - Spending
 - Saving
 - Investing resources
- Key components of personal finance
 - Money management
 - Saving
 - Investment
 - Spending
 - Credit
 - Income
 - Mortgages
 - Retirement
 - Investing
 - 401K
 - IRAs
 - Insurance

The content of this unit is to serve as an introduction to personal finance terminology and taking students from understandings economics in the broader sense, to economics in terms of the individual. We will review content by going back to the decision-making lesson and understanding personal finance strategies and the various ways people interact with the market. How I plan to teach this lesson, which will span two days, is to show students the reality of cost and give them the opportunity to learn and research for themselves what things cost through problem based learning. After filling out a KWL, I will have students read an article by the Huffington Post that discusses the average cost of a child in 2013 from birth to 18. This will give students a taste of expense and hopefully get them thinking about their own lives and families. After a brief discussion, I will move into a lecture where we I will introduce key components of personal finance, and along the way explain to students the connections between present decisions and future abilities. At the beginning of the next day I will introduce the problem based learning assignment in which students create their own budget and expense report based on their “Plan A” decision organizer from lesson one of their journal. At the end of the class period, we will come back together to answer questions and share out.

STAGE 2: DETERMINE ACCEPTABLE EVIDENCE

Diagnostic Assessment

- I will do a KWL activity with the students, asking them to write in their journals about what they know about personal finance and budgets, and then where they learned that from
- This will give me a good sense of where the students are at with their money management skills as well as what kind of environment they come from, meaning if their parents are open with them about finances or if they are rather uninformed

Formative Assessment

- Throughout the lecture, I will ask students to place the content knowledge into real-life scenarios to make sure they are understanding the material
- I will use examples that pertain to their lives and give them examples that they know and understand, but at the same time decisions that I think they will have to make in the near future about money

Summative assessment

- After looking at the key concepts behind personal finance and hopefully having a better understanding of how to create a budget, students will then be tasked with creating their own budget from their “Plan A” from the lesson 1 assignment
- Because all the information was written in their journals, they should have it available to them to use
- They can again check out the iPads from the front of the room if they need further details
- But I will expect them to create a comprehensive budget that includes all expenses as well as income and create a chart or two charts that reflect this
- The assessment then asks them to explain their choices and how their present choices will improve their financial situation in the future

STAGE 3: PLAN LEARNING EXPERIENCES

Instructional Strategies

- Lecture
 - I will again use lecture because there isn't much material in textbooks for this unit. There are terms at the back of the book that are needed for this unit, but they are not explained in

terms of personal finance. My intent will be to again make it an interactive lecture in which students have the opportunity to offer information they see in their lives, for example in their jobs, at school, or with their parents at home. A lot of the material and key components have already been taught earlier in the year, and so I will redirect that material and apply the themes in terms of personal finance and how they now affect the individual.

- Discussion
 - I will begin the class with a discussion mostly as my hook. I found an article about the average cost of a child that was distributed by the US Department of Agriculture. I believe that giving students the opportunity to discuss this is a great chance for them to see the gravity of their financial situation if they don't begin to make smart decisions early. I think it will also be great for students to see how differently they all think because that is the reality, not everyone agrees on money, and that causes big rifts in our country. This also serves as a great tool for them to speak with their parents about budgeting and needs versus wants.
- Problem-based learning
 - I would consider this in-class summative assignment as problem based because it is giving students a real-life problem to work through. They can choose to use the college or job they hope to one day have, or they can use this as an opportunity to explore new options, but students must create a budget based on their decision models from part 1. They have to look-up approximate costs, housing, taxes, interest rates and so on, in order to create the most accurate budget possible. Then they need to find how they are going to pay for all the things in their budget, with loans, credit, savings, or working, and this too will take some investigation. This is a real-life problem that students will need to work through very soon after they graduate, problem-based learning just helps me assess whether they understand what they are doing or making personal and financial decisions blindly because this asks them to justify their decisions. Then, after developing this personal financial plan, it asks students if they think this plan will help them towards their long-term financial goals.

Procedures

- *Opening:* I will begin the class by giving students about 2-3 minutes to create a 'Know-Want to Know-Learn' sheet that would help me figure out what they already know about personal finance. What they have learned at home, school, or work, and how this will affect their personal decision-

making in terms of finances. After students have wrapped this up, I will ask them a little bit of what they know to get people thinking and talking. Then after about 3 minutes I will throw in my hook, I would ask students what they think the average cost of a child from birth to 18 is. I would have students write down how much they would budget for one child on a scrap sheet with their name and pass it three chairs down. We will then read an article and watch a short clip about the average cost of raising a child in the US submitted by the USDA in 2013. This would spur discussion and jump us into class.

- *Main Activity:* Following the video we will firstly discuss who had the closest guess, then we would talk about how we thought this was possible and how this was paid for. I plan to slowly move into an interactive lecture about personal finance strategies of earning, spending, saving and investing. In the lecture I will define specific terms for them and explain what goes into personal finance and what makes personal financial decisions different than just personal decisions. We will look at how with the cost of raising children being so high, people save for retirement, invest, or pay a mortgage. We will also look at the rising credit and loan averages. This lecture will introduce and solidify the strong connections between present decisions and future financial abilities and connect us to our long-term financial goals section. We will utilize the decision-making model in financial terms and develop ways to effectively make financial decisions. Once learning about and understanding all the components of personal finance, we will look at creating our own budgets. Throughout the lesson, we'll talk about how in their family's choices had to at one point be made. At the end of the lecture on the first day, I want to ask students to go home and ask their parents about some things they had to give up or exclude from the budget when they had kids. At the beginning of the next day when we start to make budgets, this is how we will start class, with the students talking about the stuff their parents had to sacrifice, and this will introduce needs and wants and a little bit of trade-offs. I will build a budget model on the board for the students and show them a type of graphic organizer to follow when creating a budget. Then I'll show them how to create a budget money for income flow and how the two numbers need to be equal in order to have a balanced budget. Following this, we can discuss strategies about how to create more income or obtain more money if they are not balanced. This should be a review so I intend to ask questions that point at further understanding.
- *Closing:* To close this lesson, students will be asked to create their own budget. They will use the "Plan A" from their first assignment to create their budget. This means that they should have most of the information that they need to create the budget. They may need to look on the FAFSA website or look more at a specific school or job, but the information will be available to them as

they can check out iPads. They will be asked both to create a budget and also to record how those expenses will be covered. At the end of the assignment to make sure students understand, they are asked to explain why they made the financial decisions they did and how they believe this will help them in the future. This is meant to yet again, solidify those connections between present decisions and future abilities. The assignment is further explained in the *Other Evidence* section of the assessments.

- *Questions to ask:*
 - Why do you think it is important now to be organized in decision-making when you are making financial decisions?
 - Why is having the skill of knowing how to create a budget important?
- *Student Questions:*
 - How do I plan for the future, especially my financial future, when I don't even know what I want to do?
 - What if I don't want to give up stuff?
- *Potential Misunderstandings:*
 - The whole part about investing, 401K, IRAs, insurance, and retirement
 - Credit
 - Mortgage

All of these have the potential to be confusing for students because they don't deal with them yet. They hear about them all the time on the news or at home, but they don't really understand what they are or how they work. If students really struggle, I would combat this in two ways:

1. I will have them go home and ask their parent or guardian about the terms they are confused on and explain it in terms of their job, hopefully something the student would be more apt to understand. Then on Monday, I will ask if anyone had success with this, and if not then I would compare their parents to a music or movie star and explain why they would want a retirement or 401K.
2. I will have the students look up a news article on the iPads about the one they are most confused on. Hopefully this will clear up misunderstandings or will help them ask more directed questions so that I can understand the problem better.

Personal Finance

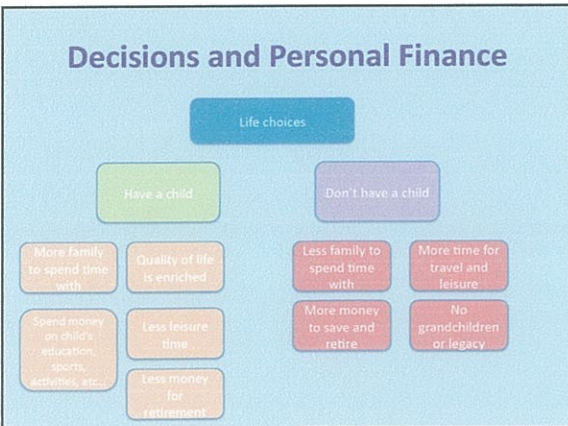
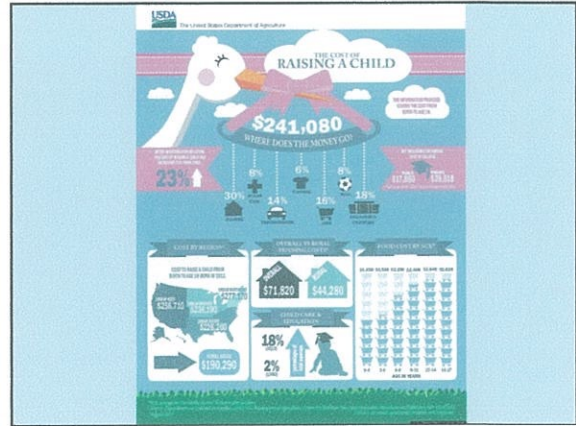
Know-Want to Know-Learn



On a piece of paper, write down what you know about personal finances, what you want to know, and what you think you will learn.

What do kids cost?

<http://www.youtube.com/watch?v=Di14Y3kTbHE>



- ### What are some strategies of personal financial planning?
- I. Earning
 - I. Employment
 - II. Entrepreneurship
 - III. Income

How to we earn money and what do we earn?
 - II. Spending
 - I. Budgeting
 - II. Paying bills
 - III. Credit
 - IV. Mortgages

How do we choose to spend and manage money?
 - III. Saving
 - I. Savings accounts
 - II. Retirement

What do we choose to save and where do we save it?
 - IV. Investing Resources
 - I. 401K
 - II. IRAs
 - III. Stock
 - IV. Insurance

Why do people invest and what risk is involved?

Earning

Employment: having a job and a reliable source of income. Employment varies and requires different degrees or certifications and depending on those qualifications, one may earn more or less.

Entrepreneurship: not everyone is employed by a company, business or establishment, some people create a product and employ themselves. This often includes other facets of personal finances and requires a solid risk management plan.

Income: earning requires some kind of income or exchange for work. Most people go to work and earn money, but others are compensated or earn wages in the form of goods.

How do you earn money?

Spending

Budgeting: the way in which you delegate the spending of money. How will you decide the ways in which to spend your money and how much will be spent and how much will go towards saving and investing?

Paying Bills: a major part of spending as you become an adult becomes bills. This will be part of your budget as an adult. But can you think of some bills that you would incur now if you paid them?

Credit: the system of credit was established to help those who had the money to pay for something gradually, but not all at once. Credit cards are the most common form of credit and they charge an interest rate to 'borrow' their money. They lend you money instantly on the premise that it will be paid back when they send monthly statements.

Mortgage: mortgages work somewhat like credit in that they give people the ability to take out an amount of money to buy a home with the promise of paying it back. A mortgage is a type of loan usually created for a longer period of 15-30 years that requires monthly payments.

Saving

Savings accounts: most banks offer both checking and savings accounts. The difference between a checking and savings account is that a checking account is connect to checks and often a debit card. While a savings account is meant to receive deposits and to sit and accumulate interest. For savings accounts the interest rate is normally very low.

Retirement: a form of saving common for people throughout their careers and essential for their growth as an elderly person. Careers often offer retirement packages that give employees the opportunity to put money toward their retirement at a specific interest and accumulation rate. The early this account beings, the more savings will be available upon retirement.

My family members start savings accounts for young children so they can save as they get older, do any of you have one?

Investing

401K: are retirement savings plans sponsored by employers. This allows employees to save money toward retirement while not having to pay state or federal taxes. Many companies and employers also offer a matched-contribution saving benefit for employees.

IRA: stands for an 'Individual Retirement Account.' This is a long-term savings account that is ideal for retirement because it allows for large tax breaks. An IRA is a basket in which stocks, bonds, mutual funds and other assets are kept.

Stock: a certificate that signifies ownership in a corporation and represents a claim on part of that corporation's assets and earnings. Once owning stock, you become a shareholder. Stock is bought and sold in the stock exchange.

Insurance: a contract in which an individual or entity receives financial protection or reimbursement against losses from an insurance company.

Who has stock?
What do we insure?

Pros and Cons

If children cost significantly more money, how do people that have children still:

1. Invest?
2. Save for retirement?
3. Pay a mortgage?

Loans

Credit

Budgets

How much did you cost?

Tonight:

Go home and ask your parents, guardians, siblings or family friends what was one thing they had to give up when they had you or other children?

How much do they think that you cost so far?

INVESTIGATE!!



2 Minute Write!



What response did you get last night?
 What did they have to give up? How
 much did you cost?!

Components of a Good Budget

Personal Budget for a Year

	Cost	Details
Housing	\$8,000	Per one year
Food	\$2,000	
Car	\$3,000	Includes insurance, gas, registration, oil changes, etc...for the year
Other needs	\$1,000	Shampoo, ink, supplies, etc...
Savings	\$150/\$1,800	Per month/per year
Total	\$15,800	Per year

Where else can we use budgets?

Categories

Describe what the main categories are going to be, then create your first column. These should be somewhat broad with room for your explanations. Also, you need to include a 'total' section in the categories column.

	Personal Budget for a Year
Housing	
Food	
Car	
Other needs	
Savings	
Total	

Categories

Research what your costs are going to be for each category. You cannot guess, these should be educated results of research. You can use the internet, past bills, payments or bank statements, and information from various written sources.

Make sure that all of your costs are for the same time period.

	Personal Budget for a Year
	Cost
Housing	\$8,000
Food	\$2,000
Car	\$3,000
Other needs	\$1,000
Savings	\$150/\$1,800
Total	\$15,800

Categories

You should be as detailed as possible when making a budget. Make it so that you can go back and know exactly what you intended to be included in each category. Also include the time period for your budget.

Be specific!

	Personal Budget for a Year	
	Cost	Details
Housing	\$8,000	Per one year
Food	\$2,000	
Car	\$3,000	Includes insurance, gas, registration, oil changes, etc...for the year
Other needs	\$1,000	Shampoo, ink, supplies, etc...
Savings	\$150/\$1,800	Per month/per year
Total	\$15,800	Per year

Track Your Income!

Track all of your possible income for the year, or the specific time period you chose for your budget.

	Cost	Details
Job	\$22,500	Salary per year/ Includes insurance
Selling Crafts	\$800	Sell knitted headbands on Etsy
Gifts	\$500	Includes birthdays, holidays, and random gifts from family
Tutoring	\$1,200	Tutoring after school once a week
Total	\$25,000	Per year

Match it Up!

Your income flow and budget totals should match up. If you have more income flow than you spend in your budget, what can you do?

Income Flow			Budget		
	Cost	Details		Cost	Details
Job	\$22,500	Salary per year/ includes insurance	Housing	\$8,000	Per one year
Selling Crafts	\$800	Sell beaded headbands on Etsy	Food	\$2,000	
Gifts	\$500	Includes birthdays, holidays, and random gifts from family	Car	\$3,000	Includes insurance, gas, registration, oil changes, etc...for the year
Tutoring	\$1,200	Tutoring after school once a week	Other needs	\$1,000	Shampoo, ink, supplies, etc...
			Savings	\$916/\$10,992	Per month/per year
Total	\$25,000	Per year	Total	\$25,000	Per year

Its Your Turn!

Based on your "plan A," create a budget of how much it will cost. You must include factors such as living, food, furnishings, car, insurance, gas, books, tuition, clothes, savings, and extra expenses. Please remember that you may want to have some kind of savings or risk management plan in case something were to come up in the future. You can add this into your expenses as well as include a small explanation of why you included the amount that you did. Lastly, you should include your plan for paying for your budgeted items, in other words, where will the money for these expenses come from, loans, job, savings, help from parents, credit, or scholarships? Your total expenses should match the total of how you will pay for those expenses. Remember, you may want to keep some money in your savings account in case something were to come up unexpectedly. Please be as detailed as possible.

Upon completing your budget, explain why you made the decisions you did. How will this help you financially in the future?