

UNIT 6

MONEY MATTERS

Lesson Descriptions

Money Matters 1: Setting a Budget

How can budgeting now help me make a big purchase later?

Money Matters 2: Take it to the Bank!

Why should I have a bank account and how do I use one?

Money Matters 3: Keeping Track of Your Money

How can I keep track of the money in my checking account?

Money Matters 4: Using Credit Cards with Care

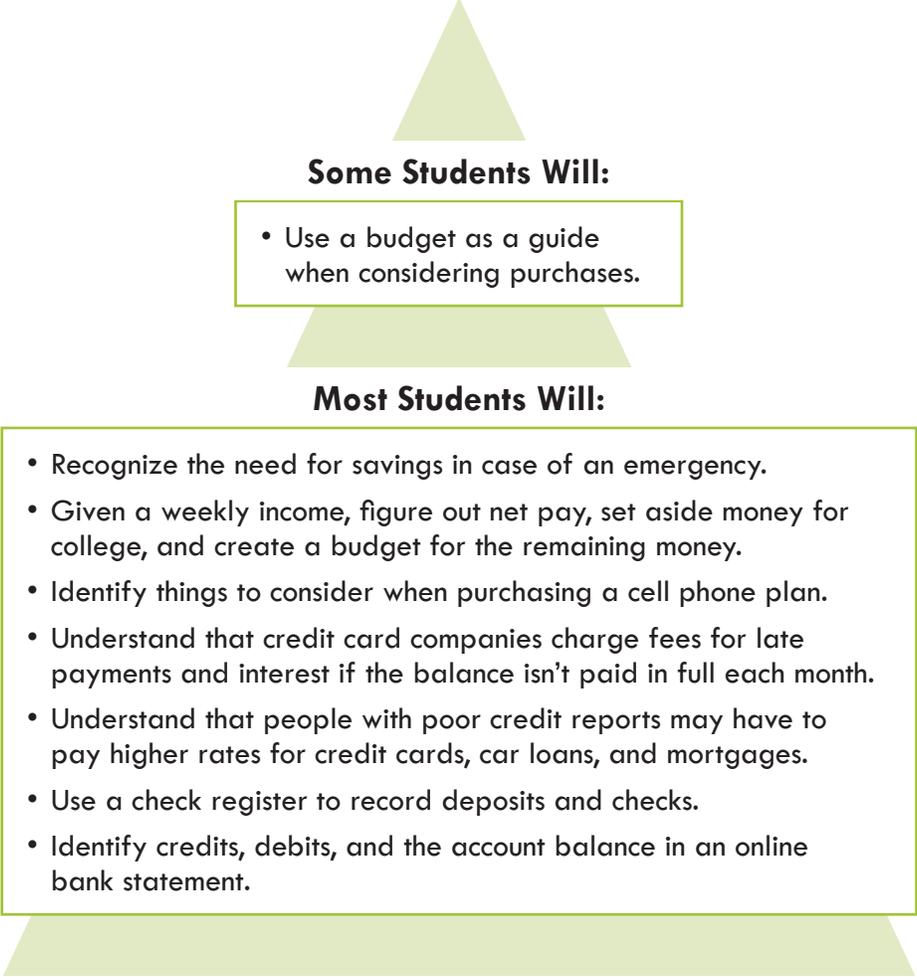
What are the advantages and risks of using credit cards?

Money Matters 5: Before You Sign: Contracts

What are some important things to consider before signing a contract?

PLANNING PYRAMID

GRADE 10, Unit 6, Money Matters



Some Students Will:

- Use a budget as a guide when considering purchases.

Most Students Will:

- Recognize the need for savings in case of an emergency.
- Given a weekly income, figure out net pay, set aside money for college, and create a budget for the remaining money.
- Identify things to consider when purchasing a cell phone plan.
- Understand that credit card companies charge fees for late payments and interest if the balance isn't paid in full each month.
- Understand that people with poor credit reports may have to pay higher rates for credit cards, car loans, and mortgages.
- Use a check register to record deposits and checks.
- Identify credits, debits, and the account balance in an online bank statement.

All Students Will:

- Recognize the need to plan ahead when saving money for college expenses.
- Understand that money charged to a credit card must be paid back.
- Understand the purpose of a check, and know how to write one.
- Understand the importance of knowing how much money you have in your checking account.
- Understand that a cell phone contract may contain hidden charges beyond the advertised monthly price.
- Understand that potential employers and lenders have access to credit reports.

ROADS to SUCCESS

Grade 10

Money Matters

Family Newsletter

Managing Money

Roads to Success is a new program designed to help middle and high school students prepare for their futures. This newsletter will keep you posted on what we're doing in school, and how families can follow through at home.

For more information about Roads to Success, please visit our website: www.roadstosuccess.org

Did you know?

An \$8,000 credit card debt, at a rate of 18% interest, will take over 18 years to pay off and cost more than \$27,000 if you pay only the minimum amount of \$125 each month.

<http://www.practicalmoneyskills.com>
(online calculator)

A part-time job can give your child a new sense of financial freedom. It may be the first time that he has his own money and choices about how to spend it. This is a great time to show him how to make smart money decisions. Here are some ideas about where to begin:

Budgeting Basics:

Help your child develop a budget to save and spend wisely. Talk with her to figure out what her big goals are. If she wants to save for a computer or for college, help her figure out a reasonable amount to set aside each week to reach her goal. While saving needs to be a priority,

some money should be left over for fun.

Keeping Track of Your Money:

Students interested in opening savings and



checking accounts will need to know how to keep track of deposits and withdrawals. Show your child how you keep track of this information using savings passbooks, check registers, or online banking.

The Real Cost of Credit:

Credit cards can be useful tools for managing money, but their misuse can cause financial hardship. Explain how credit cards work and what happens if a customer doesn't pay a bill on time. Let your child know that finance charges and late fees can cause consumers to spend a lot more on products than they originally cost.

Resources:

For more information, check out these websites:

- www.360financialliteracy.org/Life-Stages/Parents-Children/
- www.practicalmoneyskills.com

Grade by Grade

In 10th grade, students in Roads to Success participate in five real-life lessons on managing money. In this unit students take on the role of a high school senior preparing for life after graduation. Here is what they will learn:

- **Budgeting:** Students calculate their take-home income from a summer job, then create a budget that allows them to save

for college with money left over for day-to-day expenses.

- **Banking:** Students examine the difference between a savings and a checking account. They practice using a checkbook register and analyzing online bank statements.
- **Credit Cards:** After examining the dangers of credit card debt for recent

college graduates, students learn about the advantages and disadvantages of credit cards.

- **Contracts:** Students examine cell phone plans to identify best values and hidden costs.

Setting a Budget

The **BIG** Idea

- How can budgeting now help me make a big purchase later?

AGENDA

Approx. 45 minutes

- I. Warm Up: Imagine This... (5 minutes)
- II. Summer Income, Savings, and Expenses (15 minutes)
- III. Summer Budget: Does it Add Up? (10 minutes)
- IV. Saving for the Unexpected (10 minutes)
- V. Wrap Up (5 minutes)

MATERIALS

STUDENT HANDBOOK PAGES:

- Student Handbook page 132, This Is Your Life
- Student Handbook page 133, Income Worksheet
- Student Handbook page 134, Weekly Expenses Worksheet

FACILITATOR PAGES:

- Facilitator Resource 1, Chance Cards (one card for every two students)
- Facilitator Resource 2, Income Worksheet Answer Key

Calculators (one per student)

Overhead projector

OBJECTIVES

During this lesson, the student(s) will:

- Based on a fictional scenario, determine how to set aside \$1,000 for college expenses in the fall.
- Determine their summer expenses, including what they will need to cover transportation, food, entertainment, and clothing.
- Develop and revise a budget based on their expected incomes and expenses.
- Modify their budgets to handle unexpected expenses.

OVERVIEW

In this lesson, students will begin a unit on Money Matters in which they'll explore important financial tools and concepts, like budgets, deductions, and bank accounts. Throughout this unit, they will be following a fictional scenario in which they are high school seniors who have been accepted to college in the fall, and will be busy with a full-time job over the summer. In this lesson, they're setting a summer budget that will allow them to put aside \$1,000 for college expenses. They'll determine their summer income, learn about the percentage of income that's subtracted for taxes, and understand the difference between their gross and net incomes. Students will determine if their income will cover their summer expenses, such as transportation, food, and entertainment. Finally, they'll be given a "chance card" with an unexpected expense, and consider why it's important to set aside some extra savings when developing a budget.

PREPARATION

- List the day's **BIG IDEA** and activities on the board.
- Write the day's vocabulary words and definitions on the board.
- The following handouts need to be made into overhead transparencies or copied onto chart paper:
 - **Student Handbook page 132, This Is Your Life**
 - **Student Handbook page 133, Income Worksheet**
 - **Student Handbook page 134, Weekly Expenses Worksheet**
- Print out **Facilitator Resource 1, Chance Cards** and cut out the individual cards.
Note: You will need to print this page twice to provide one card for each pair of students.
- For **Activity I, Warm Up: Imagine This...**, write the following three questions on chart paper before you teach this lesson.
 - a. How much will I need to set aside for college each week?
 - b. How will I spend the remaining money?
 - c. How can I plan for unexpected expenses?

VOCABULARY

Budget: A plan that helps people track spending so they can get the things they need and want without running out of money.

Income: The money you have coming in.

Deductions: Money taken out of your income for taxes.

Expenses: What you spend money on.

Gross Income: The money you earn *before* taxes are taken out.

Net Income: Your “take home” pay or paycheck amount; the money you earn *after* taxes are taken out.

IMPLEMENTATION OPTIONS

In **Activity III, Summer Budget: Does It Add Up?**, students may need to see an example of how to make their budget. You may wish to model this for the class in the column marked “1st Try,” making sure to list expenses that total more than \$96.

In **Activity IV, Saving For the Unexpected**, you may change the scenarios to better fit your students’ interests and costs in your area.

ACTIVITY STEPS

I. Warm Up: Imagine This... (5 minutes)

1. **SAY SOMETHING LIKE:** Welcome, everybody. This is the first week of a new unit called “Money Matters.” In this unit, you’re going to learn all about money — how to keep track of what you earn, how to save it, and how to spend it wisely. Throughout the unit, you’re going to take on a new persona. You’re going to imagine you’re not sophomores, but high school seniors. As seniors, you’ll have some important financial decisions and plans to make, which you’ll be doing throughout this unit. For example: How can you plan a budget to save money for the future? How do you keep your money safe and secure? How do you keep track of your money once it’s in the bank? What’s the best way to choose — and use — credit cards? If you decide to use your money for a cell phone plan, how do you review a contract to make sure it’s in your best interest? As you answer these questions, you’ll learn about banks, checking and savings accounts, ATMs and online banking, credit cards, and contracts.
2. [Hand out copies of **Student Handbook page 132, This is Your Life**. Have a volunteer read this aloud to the class. Encourage students to listen closely, as they’ll need this information in the lesson:

You’re a senior in high school. It’s March and you’ve been accepted to college. Your family has agreed to pay for some of the tuition, and you’re working out a good financial aid package, too. However, you realize you’re still going to need about \$1,000 a semester — or \$2,000 total — to cover some important expenses, like books and daily living costs like laundry, school supplies, and an occasional pizza out with friends. You know that if money gets tight, there are plenty of work opportunities on campus, but you really want to have this money saved before you begin school.

Lucky for you, you already have a great after-school job, and your boss has promised you full-time work over the summer. You’ve figured out you can save about \$80 a week in your part-time job until school’s out. By the end of May, you’ll have put \$1,000 aside for your college fund. That means you’ll need to save \$1,000 during June, July, and August to make your goal of \$2,000.]

3. **SAY SOMETHING LIKE:** Any questions so far? OK, now it's time to figure out your budget for the summer. (Display the following three questions on chart paper.)

There are three questions you need to answer:

- How much will I need to set aside for college each week?
- How will I spend the remaining money?
- How can I plan for unexpected expenses?

That's the goal for today's lesson.

II. Summer Income, Savings, and Expenses (15 minutes)

1. **SAY SOMETHING LIKE:** OK, we know we'll have \$1,000 saved from our after-school job, so we need to save \$1,000 to meet our goal of \$2,000 for our college fund. If we're working for 10 weeks over the summer, how much do we need to save each week to save an additional \$1,000? (\$100 a week)

The next step is to figure out a weekly budget to see how we're going to save that money and cover our other summer expenses. What's the next thing we need to determine before we can figure out this budget? (Figure out how much we're going to make each week.) Let's do this together. Please turn to your **Student Handbook page 133, Income Worksheet**.

[Project a transparency of **Student Handbook page 133, Income Worksheet** for the class to see.]

2. [As a class, review the details for the full-time job on the **Income Worksheet**. Then work together to calculate the "Weekly Gross Income."]

SAY SOMETHING LIKE: Now you might be thinking that every week, your paycheck will be \$290. But in reality, your gross weekly income is different from your take-home pay, or your paycheck, because money is deducted, or taken out, of every paycheck you earn. These are called **deductions**. Does anyone know what deductions pay for?

That's right—taxes. The main taxes deducted from your paycheck are federal income tax, state and local income tax, and Social Security tax. Federal, state, and local income taxes pay for things like roads, the military, schools, parks, and police and fire services. Social Security tax helps pay benefits to people who are disabled or retired.

- 3. SAY SOMETHING LIKE:** On this worksheet, we're estimating that about 30% is deducted from your paycheck. However, this amount may vary, depending on different factors like where you live, how much you make, and how many people are financially dependent on you, such as children.
- 4. SAY SOMETHING LIKE:** Let's figure out your actual paycheck if 30% is deducted for taxes. We determined that our **gross weekly income**, or the money you earn before taxes are taken out, is \$290. Your taxes are based on your gross income.
- 5. SAY SOMETHING LIKE:** Now let's figure out your deductions. If 30% is deducted for taxes, you can calculate the deductions by multiplying your gross income by 30% or 0.3. Use your calculators to see what the deductions would be.

[On the transparency, write \$87 next to line B, Deductions.]

Note: If you aren't earning a full-time, year-round salary, you may get some of this money back as a tax refund in the spring by filing an income tax return.

- 6. SAY SOMETHING LIKE:** So how much money will be in your paycheck? Subtract your deductions from the **gross weekly income**. What's left is your **net weekly income**. Use your calculators to see what the net weekly income would be.

[On the transparency, write \$203 next to line C, Net Weekly Income.]

Are you surprised at the difference between your salary and what you actually get to take home?

- 7. SAY SOMETHING LIKE:** Now let's figure out how much of that paycheck we'll have left over after we set some aside for our college fund. Remember, we need to save \$1,000 over 10 weeks. So how much are we setting aside each week for our college fund? (\$100 a week)

[Write this on line D, "Weekly Savings for College Fund."]

- 8. SAY SOMETHING LIKE:** How much is left over for other expenses—or maybe a little extra savings?

[Model how to subtract the Weekly Savings for College Fund (line D) from Net Weekly Income (line C), and write \$103 on line E.]

III. Summer Budget: Does It Add Up? (10 minutes)

1. **SAY SOMETHING LIKE:** Will this be enough to cover our expenses? Let's find out! Now I'd like you to turn to your **Student Handbook page 134, Weekly Expenses Worksheet**. This is where you'll figure out your weekly summer spending. Take a moment to think about how much you'll need to spend each week in each category. Write the amount next to each category in the column "1st Try," then total your weekly spending. Look back at your net weekly income on your **Income Worksheet**. Will you have enough to cover those expenses? (Are your total expenses less than \$103?) If not, try reworking your expenses in the next column under "2nd Try."

IV. Saving for the Unexpected (10 minutes)

1. **SAY SOMETHING LIKE:** If you had money left over, who would spend it on something extra? [Show of hands.] Who would put it into savings? [Show of hands.] Why are savings important? [Allow students to respond. Then explain that savings help cover unexpected expenses, which are bound to happen to you no matter how carefully you budget.]
2. **SAY SOMETHING LIKE:** After all, just like you can't predict what happens in life, you can't predict what expenses might pop up. I'd like each of you to partner with the person sitting next to you. I'm going to hand each pair a "chance card" with one of these unexpected expenses. Don't focus on what expense you were given or its cost. Instead, just think about how you can adjust your budget to cover this expense.
3. [Hand out **Facilitator Resource 1, Chance Cards**, one to each pair.]
4. **SAY SOMETHING LIKE:** If you don't have a little extra savings, how will you handle this expense?
5. [Have partners discuss strategies for covering the extra expense, then share their ideas with the group.]
6. **SAY SOMETHING LIKE:** Suppose you had been setting aside \$15 a week for emergencies. How many weeks would it take to save for this expense? What expenses would you cut from your weekly budget to make this possible?

7. [Have students use the third column on their **Weekly Expenses Worksheet**, “Saving for Emergencies,” to refigure their budgets, allowing \$15 a week for savings.]

V. Wrap Up (5 minutes)

1. **SAY SOMETHING LIKE:** Who felt like you could handle your expenses, save for your college fund, and put a little extra into savings for the unexpected?

If you felt like you just couldn't cover your expenses in real life, what are some things you could do? (Cut back expenses, get another job — or a better-paying job)
2. **SAY SOMETHING LIKE:** Why is it important to set a budget? Why does it help to set a goal when creating a budget? What if you decided to spend as much money as you wanted in the first part of the summer, then start saving later in the summer?
3. **SAY SOMETHING LIKE:** This was a great start to our “Money Matters” unit. Next week, we're going to talk about what to do with the money you're saving for college. How do you keep it safe and secure over the summer? As you probably guessed, next week is all about choosing a bank account that's right for you.

Chance Cards

<p>Congratulations, graduates! You and a few friends host a graduation cookout. But burgers and soft drinks aren't free.</p> <p>Expense: \$125</p>	<p>Oops, sorry bro. You had a fender bender in your brother's car. You promise to pay for the damage.</p> <p>Expense: \$200</p>
<p>Did someone say THEME PARK? Your friends are going on a daytrip to a theme park on Saturday and you don't want to miss it.</p> <p>Expense: \$50</p>	<p>Who ever heard of lab fees? You just found out your fall semester chemistry class is going to cost a little more.</p> <p>Expense: \$150</p>
<p>Ah...CHOO! Your nose is running, your head is throbbing, and you can't stop sneezing. Take a day off work.</p> <p>Expense: \$40 (deduction of one day's pay)</p>	<p>What are best friends for? You help your friend move to college, which takes a little extra gas money this week.</p> <p>Expense: \$50</p>
<p>A new school, a new you. You get a cool new haircut before summer's out.</p> <p>Expense: \$40</p>	<p>Dorm room design 101. You talk to your new roommate and decide on matching sheets and comforters.</p> <p>Expense: \$50</p>
<p>Need tunes to study? You find the perfect portable stereo for your dorm room.</p> <p>Expense: \$100</p>	<p>Happy 4th of July! The local July 4th festival is this weekend, and you need cash for rides, tickets, and food.</p> <p>Expense: \$20</p>
<p>Happy Birthday! Your friend's birthday is coming up, and you know just what she wants.</p> <p>Expense: \$15</p>	<p>Go, State! You spot a cool sweatshirt for your new university — on sale.</p> <p>Expense: \$20</p>

Income Worksheet (Answer Key)

Use this worksheet to figure out how much money you'll take home each week, and how much you'll have left to spend after putting money into your college fund.

Details for Full-Time Summer Job	
Pay: \$7.25/hour	
Hours: 40/week	
Work weeks (June–August): 10 weeks	
Weekly Income	
A) Gross Weekly Income (hourly rate X total weekly hours)	\$ <u>290</u>
B) Deductions (30% of A)	\$ <u>87</u>
C) Net Weekly Income (A – B = C)	\$ <u>203</u>
Available Money for Savings and Expenses	
D) Weekly Savings for College Fund (\$1,000/10 weeks)	\$ <u>100</u>
E) Weekly Spending Money (C – D = E)	\$ <u>103</u>

This is Your Life

For the next few weeks, our class will be participating in a new unit called “Money Matters.” Throughout this unit, you will imagine yourself in the following situation:

You’re a senior in high school. It’s March and you’ve been accepted to college. Your family has agreed to pay for some of the tuition, and you’re working out a good financial aid package, too. However, you realize you’re still going to need about \$1,000 a semester — or \$2,000 total — to cover some important expenses, like books and daily living costs like laundry, school supplies, and an occasional pizza out with friends. You know that if money gets tight, there are plenty of work opportunities on campus, but you really want to have this money saved before you begin school.

Lucky for you, you already have a great after-school job, and your boss has promised you full-time work over the summer. You’ve figured out you can save about \$80 a week in your part-time job until school’s out. By the end of May, you’ll have put \$1,000 aside for your college fund. That means you’ll need to save \$1,000 during June, July, and August to make your goal of \$2,000.

Income Worksheet

Use this worksheet to figure out how much money you'll take home each week, and how much you'll have left to spend after putting money into your college fund.

Details for Full-Time Summer Job	
Pay: \$7.25/hour	
Hours: 40/week	
Work weeks (June–August): 10 weeks	
Weekly Income	
A) Gross Weekly Income (hourly rate X total weekly hours)	\$ _____
B) Deductions (30% of A)	\$ _____
C) Net Weekly Income (A – B = C)	\$ _____
Available Money for Savings and Expenses	
D) Weekly Savings for College Fund (\$1,000/10 weeks)	\$ _____
E) Weekly Spending Money (C – D = E)	\$ _____

Weekly Expenses Worksheet

Use this worksheet to figure out your expenses each week. Think about how you'll get to work, what you'll eat for lunch, what you'll do in your free time, and the extras you might buy for college.

Possible Expenses (For each category below, pick one of the three options. Then record the value into your budget below.)

Transportation	Car = \$30.00/week (leave 15 minutes before work)	Carpool or subway = \$20.00/week (leave 45 minutes before work)	Bicycle or walk = \$0.00 (leave 90 minutes before work)
Food	Eat out with co-workers = \$7.00/day	Buy lunch from work cafeteria = \$3.00/day	Carry packed lunch = \$1.00/day
Entertainment	Go with friends to a movie, popcorn, and soda = \$20.00/week	Go bowling or play video games at an arcade = \$10.00/week	Rent movie and have friend over = \$5.00/week
Clothing	Buy name brand = \$40.00	Shop at GAP = \$25.00	Shop at discount/outlet clothing store = \$15.00

Expense Details	1st Try	2nd Try	Saving for Emergencies
Transportation	\$ _____	\$ _____	\$ _____
Food	\$ _____	\$ _____	\$ _____
Entertainment	\$ _____	\$ _____	\$ _____
Clothing	\$ _____	\$ _____	\$ _____
Other: _____	\$ _____	\$ _____	Savings \$15
Total Weekly Expenses	\$ _____	\$ _____	\$ _____

Take it to the Bank!

The **BIG** Idea

- Why should I have a bank account and how do I use one?

AGENDA

Approx. 45 minutes

- I. Warm Up: Why a Bank?
(5 minutes)
- II. Checking Accounts: Putting Your Money In (15 minutes)
- III. Checking Accounts: Getting Your Money Back Out (20 minutes)
- IV. Wrap Up (5 minutes)

MATERIALS

- STUDENT HANDBOOK PAGES:**
 - Student Handbook page 135, Sample Deposit Slip
 - Student Handbook page 136, Blank Deposit Slip
 - Student Handbook page 137, Sample Personal Check
 - Student Handbook page 138, Blank Personal Check
- FACILITATOR PAGES:**
 - Facilitator Resource 1, Chance Cards (one card per student)
- Overhead projector

OBJECTIVES

During this lesson, the student(s) will:

- Understand the difference between checking and savings accounts.
- Discuss ways to deposit and withdraw money from a checking account.
- Review and complete a deposit slip.
- Review and complete a personal check.

OVERVIEW

In this lesson, students will learn why bank accounts are a safe place to keep their money, and understand the difference between checking and savings accounts. Then they'll learn how to deposit money into a checking account and fill out a sample deposit slip. Next, they'll learn about the different ways to get money out of a checking account. In this activity, they'll review the parts of a personal check. Finally, they'll receive a "chance card" with an expense for which they'll write their own sample check.

PREPARATION

- List the **BIG IDEA** and the day's activities on the board.
- Write the day's vocabulary words and definitions on the board.
- The following handouts need to be made into overhead transparencies or copied onto chart paper:
 - **Student Handbook page 135, Sample Deposit Slip**
 - **Student Handbook page 137, Sample Personal Check**
- Print out **Facilitator Resource 1, Chance Cards** and cut out the individual cards.
Note: You may need to print this page two or three times to provide one card per student.
- You may wish to make extra copies of **Student Handbook page 138, Blank Personal Check** in case students make mistakes or want to write out a check for a second chance card.

VOCABULARY

ATM: Short for Automated Teller Machine; a machine that allows you to get cash or make deposits any time of the day.

Checking Account: A bank account that allows you to withdraw money or make payments using checks.

Deposit: To put money into a bank account.

Savings Account: A bank account that earns interest on the money held.

Withdraw: To take money out of a bank account.

IMPLEMENTATION OPTIONS

DO NOW

(You may choose to present the Warm Up activity as a written Do Now. Present the short passage and questions on the board or overhead, and have students write only their answers on index cards.)

Questions:

1. Imagine you just got your first paycheck of the summer. Where can you go to cash this check?
2. What do you think the difference is between a checking account and a savings account?

[Give the students three minutes to answer these questions, and then begin with the **Warm Up** as written.]

In **Activity III, Checking Accounts: Getting Your Money Back Out**, you may wish to have your students write out two checks. After they have completed their initial check with their first chance card, have the students switch chance cards with a partner and write out a second check.

You may wish to contact a local bank to see if you can secure mock checkbooks for the duration of the unit.

ACTIVITY STEPS

I. Warm Up: Why a Bank? (5 minutes)

1. **SAY SOMETHING LIKE:** Welcome back, everybody. This is the second week of our “Money Matters” unit. Last week, you all took on a new persona as a high school senior who’s headed for college in the fall. You also set a weekly budget to follow so you could save money for the fall. This week, you’re the same senior in high school. But now summer has begun, and you just received your first paycheck. Now you’re wondering what to do with the money to keep it safe, but still have easy access to it for your different summer expenses.

Where do you think you should put your money? [Take answers from a few volunteers.]

2. [Discuss why putting your money in a bank is the best option in this situation. Some students may be familiar with check-cashing businesses, places that will cash checks on the spot. The problem is, these places charge a percentage of the check amount, and sometimes add other high fees. And keeping cash at home has its own risks. First, the cash could get lost or stolen. Second, it might be too easy to spend the cash if it’s right at your fingertips.]

SAY SOMETHING LIKE: Placing your money in a bank account keeps it safe and secure. It’s also easy to keep track of your money in the bank. And as you’re going to learn in this lesson, it’s very easy to put money in and take money out of a banking account.

3. [Review the difference between checking and savings accounts.
 - **Checking accounts** are accounts that allow you to withdraw money easily, such as through ATMs or by writing checks. Only you can write a check to take money out of your account.
 - **Savings accounts** are banking accounts that pay interest on the money held.]

SAY SOMETHING LIKE: Why do you think it’s a good idea to put money into a savings account if you’re saving for something special? (It’s easy to track your savings and more difficult to “dip into” for everyday spending. Most importantly, the savings account will pay you interest, or a certain percentage of the money that you have in your account. The bank pays you interest in return for using your money to make other loans—even though you can get it back any time you want. In other words, the money in your savings account could continue to grow just by sitting there! Of course, the

amount of interest you earn depends on three things: the interest rate, the amount of money you have in the account, and the length of time your money is in the account.)

II. Checking Accounts: Putting Your Money In (15 minutes)

1. **SAY SOMETHING LIKE:** For the rest of this lesson, we're going to focus on checking accounts. Once you set up a checking account, the first question is, *How do I put money into my account?* In other words, how do you *deposit* money into your account?

You can deposit either cash or checks made out to you into your account. As I mentioned earlier, you have just received your first paycheck. To put this money into the account, the first thing you have to do is endorse, or sign, your paycheck. To do this, you turn your check over and you'll see a line at the top that will read something like "Endorse here." You just sign your name on that line. And if you're going to deposit the money into your checking account, it's also a good idea to write "Deposit in account # 12345678," or whatever your checking account number is.

Then you fill out a deposit slip. When you open a checking account, you'll receive checks and deposit slips with your name, address, and account numbers.

2. **SAY SOMETHING LIKE:** Let's take a look at an example of a deposit slip. Please turn to your **Student Handbook page 135, Sample Deposit Slip**. [Place **Student Handbook page 135, Sample Deposit Slip** on an overhead projector. Review each of the items on the deposit slip. As you discuss each item, fill it out to model how to complete a deposit slip.]
3. **SAY SOMETHING LIKE:** Now it's your turn to fill in your own deposit slip. Turn the page to the **Student Handbook page 136, Blank Deposit Slip**. Carefully read the directions to see what items you're depositing into your account. Then complete the deposit slip.
4. [When students have completed the deposit slip, ask them to share the net total of the deposit.]

III. Checking Accounts: Getting Your Money Back Out (20 minutes)

1. **SAY SOMETHING LIKE:** Congratulations! You have successfully put money into your checking account. But what if you need to take money out? After all, you're bound to have a lot of summer expenses. Well, there are a few different ways to *withdraw*,

or take out, money from your account. Here are some of the most common ways to withdraw money:

- **Withdrawal at the bank:** When you make a deposit, you could have them give you some cash back rather than depositing the entire amount into your account.
- **Withdrawal at an ATM (Automated Teller Machine):** When you open a checking account, you'll receive an ATM card, which will allow you to make withdrawals at any ATM that is affiliated with or has an agreement with your bank. Beware, you may be charged fees for some ATM withdrawals. For example, if you use an ATM at a bank that's not yours, your bank could charge you a fee from about \$2.00 to over \$5.00. (The fees vary from bank to bank.) And if you use an ATM at a non-banking business, such as a convenience store, chances are you'll pay the business a fee as well. You'll probably use ATMs often to access money, so when you open a bank account, look for banks with ATMs near where you live and work. Also, look for banks that offer low withdrawal fees.
- **Using a debit or bank card:** You can use these cards at stores just like credit cards. The difference is, the charge is automatically withdrawn from your account.
- **Paying a bill online:** Many banks offer online banking, which allows you to access information about your checking account online. It also lets you pay bills online. For example, many phone and power companies offer online bill paying, which allows you to transfer the amount of your bill directly from your account to the company—without having to write a check.
- **Writing a personal check:** A personal check is a written order that represents cash. You can write a check for the exact amount of a purchase, and the check is safer to carry than cash since only you can write a check from your account.

2. **SAY SOMETHING LIKE:** Let's talk more about personal checks, since you're going to be writing many of these in your lifetime! Please turn to your **Student Handbook page 137, Sample Personal Check.**

[Place this page on an overhead projector. As a class, review the different features of a personal check. As you do, discuss and model how to properly fill in each field. The features you will review are:

- Your name and address
- Date
- Payee
- Amount of check (in numbers)
- Amount of check (in words)
- Memo

- Signature
 - Identification numbers (for bank, account, and check)]
3. **SAY SOMETHING LIKE:** Now it's time to write your own checks! First, please turn to your **Student Handbook page 138, Blank Personal Check.**

[Hand each student one “chance card,” which you cut out from **Facilitator Resource 1, Chance Cards.**]

You are each going to receive one “chance card” describing a summer expense you must cover. Read your card closely to identify the payee and the amount of the check. Then complete the blank check to cover that expense. If you make a mistake, just write the word VOID in all caps across the check and begin again.

4. [Give students a few minutes to complete their check. Then have them share their check with a partner. If students are unsure if they've completed a check correctly, have them ask you to review it.]

IV. Wrap Up (5 minutes)

1. [To end the lesson, review some of the advantages of checking accounts and personal checks.

Explain that another advantage you didn't discuss is that it's easy to track the money you spend using personal checks. Whenever you write a personal check and the person or business cashes it, the check will appear on your bank statement. That makes it easy to go back and see where you spent your money and check your current balance.]

2. **SAY SOMETHING LIKE:** Keeping track of your current balance is extremely important. After all, you can't write a personal check for more than the total in your checking account. And that's what we're going to talk about next week—keeping track of the money in your checking account.

Chance Cards

<p>You and a few friends are planning a graduation cookout. You spend \$35.23 at the Green Grocery on burgers and sodas.</p>	<p>Your brother, Sam Smith, lent you his car for the day. After a fender bender, you pay him \$192.55 to reimburse him for the damage.</p>
<p>You and your friends head to the theme park Moose Mountain on Saturday. You buy a T-shirt for \$15.42.</p>	<p>You have to pay your state university \$150.00 to cover lab fees for the fall semester chemistry class.</p>
<p>You've got a terrible summer cold and stop at Town Drugs for some medicine and nose drops (\$9.88).</p>	<p>You're helping your friend move and you pull over at Quik-Stop to fill up the car for \$27.43.</p>
<p>You just got a great new haircut at Do or Dye for \$45.00 (including tip).</p>	<p>Your new roommate, Chris Jones, bought the matching sheets and comforters the two of you picked out together. Reimburse your roommate \$48.71 for your set.</p>
<p>You buy the portable stereo for your dorm room. It was on sale, only \$102.67 at Music Now.</p>	<p>At the July 4th festival, you donate \$15.00 to Green Streams, an organization working to clean the waterways in your area.</p>
<p>Your just bought your friend a new CD for her birthday. You found it for \$14.58 at Town Tunes.</p>	<p>You buy a cool sweatshirt for your new university — on sale at Sports Gear for \$21.72.</p>

Sample Deposit Slip

Here's a look at a sample deposit slip you would complete when you deposit cash and checks into your checking account.

A	FIRST BANK	CASH	Dollars	Cents	E
	John Doe				
B	123 Main Street	Checks			F
	Anytown, USA 12345				
C	Date _____				G
	<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>	Subtotal			
D	_____	Less Cash			H
	<small>Sign here if cash received from deposit</small>	TOTAL			
	1234 5678 123456789 00123 1234567				

- A. Your name and address.
- B. The date you are making the deposit. Notice the phrase underneath: "Deposits may not be available for immediate withdrawal." This means that it may take the bank a few days to process your deposit and make the money available to you. So if you deposit \$200 in the afternoon, that money may not be in your bank account that evening if you return to make an ATM withdrawal.
- C. Your signature (only include if you wish to receive cash back from your deposit.)
- D. Numbers that identify the bank and your account number.
- E. List all cash you may be depositing, such as a graduation gift or tips from a restaurant.
- F. List any checks you are depositing. List each check separately, placing the check number in the first column.
- G. The subtotal of all cash and checks you are depositing.
- H. The amount of cash you would like to receive back from the deposit. (Be sure to include your signature on line C.)
- I. Subtract the amount of cash back from the subtotal. This is the total amount you are depositing into your account, also called the "Net Deposit."

Blank Deposit Slip

Now make your own deposit into your checking account. You just received the following:

- \$25.00 in cash from your Aunt Sally as a graduation gift.
- A check (#345) for \$83.00 from your new roommate to reimburse you for a new mini-fridge for your dorm room.
- Your first paycheck (#5432) for \$203.

Fill out the deposit slip below to deposit these items into your checking account.

<p>FIRST BANK John Doe 123 Main Street Anytown, USA 12345</p> <p>Date _____</p> <p style="text-align: center; font-size: small;"><i>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</i></p> <p>_____</p> <p style="text-align: center; font-size: small;">Sign here if cash received from deposit</p>	<p>CASH</p> <p>Checks</p> <p>Subtotal</p> <p>Less Cash</p> <p>TOTAL</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;">Dollars</th> <th style="width: 20%;">Cents</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> </tbody> </table>	Dollars	Cents														
Dollars	Cents																	
<p>1234 5678 123456789 00123 1234567</p>																		

Sample Personal Check

Personal checks come in many different colors and designs, but they all include the same basic information. Here's a look at the features you'll find on every check, including directions on how to fill out each item correctly. When you fill out a check, always write clearly and use an ink pen.

The image shows a sample personal check form with the following fields and labels:

- A**: Points to the bank name "FIRST BANK".
- B**: Points to the check number "567".
- C**: Points to the date field "Date _____".
- D**: Points to the payee information "Pay to the order of _____".
- E**: Points to the amount field "\$ _____".
- F**: Points to the amount field in words "_____".
- G**: Points to the memo field "Memo _____".
- H**: Points to the signature line "_____".
- I**: Points to the MICR line "1234 5678 123456789 00123 1234567 _____".

- A. Your name and address.
- B. The check number, which is different for each check.
- C. The date you are writing the check. You can write in words or numbers, but be sure to include the year.
- D. The name of the person or company you are writing the check to. This is called the payee.
- E. The amount of the check in numbers, such as \$75.25. Write the numbers close to the dollar sign (\$) so there's no room for anyone to add extra numbers.
- F. The amount of the check in words. Starting at the far left, write the dollar amount followed by the word and, then the amount of cents over the number 100. (For example: Seventy-five and 25/100.) Draw a line through any space left on the line.
- G. The reason for the check, or any information requested by the payee. For example, if you're writing a check to the phone company, you would write your account number here.
- H. Your signature, which should always be written the same way.
- I. Numbers that identify the bank, your account, and the check number.

Blank Personal Check

Make out the check below to cover the expense on the chance card you received. Remember to write clearly and use a pen. If you need to start again, write VOID in large letters across the check and start again with the second check below.

FIRST BANK	568
John Doe 123 Main Street Anytown, USA 12345	Date _____
Pay to the order of _____	\$ _____
Memo _____	
1234 5678 123456789 00123 1234568	

FIRST BANK	569
John Doe 123 Main Street Anytown, USA 12345	Date _____
Pay to the order of _____	\$ _____
Memo _____	
1234 5678 123456789 00123 1234569	

Keeping Track of Your Money

The **BIG** Idea

- How can I keep track of the money in my checking account?

AGENDA

Approx. 45 minutes

- I. Warm Up: Where Did the Money Go? (10 minutes)
- II. How To Keep Track: Make Sure It Adds Up (15 minutes)
- III. Online Statements: Just Log On! (15 minutes)
- IV. Wrap Up (5 minutes)

MATERIALS

STUDENT HANDBOOK PAGES:

- Student Handbook page 139, What's In Your Wallet?
- Student Handbook page 140, Checkbook Register
- Student Handbook page 141, Online Statement
- Student Handbook page 142, Online Statement Questions

FACILITATOR PAGES:

- Facilitator Resource 1, Chance Cards, one card per student
- Facilitator Resource 2, What's In Your Wallet? Answer Key
- Facilitator Resource 3, Online Statement Questions Answer Key

Calculators (one per student)

Overhead projector

OBJECTIVES

During this lesson, the student(s) will:

- Learn about the risks of not knowing your current account balance.
- Review a check register and practice adding their own withdrawals and deposits to the register to find their current balance.
- Review an online statement and use the statement to answer questions.

OVERVIEW

In this lesson, students will learn how to track the money in their checking account. First, they'll discover why keeping track of their current balance is so important—especially when writing personal checks. Then they'll review a check register and practice adding their own withdrawals or deposits to the register. Next, they'll review an example of an online statement—a fast and convenient way to check a current account balance. Finally, they'll use that online statement to answer a series of questions about recent withdrawals and deposits.

PREPARATION

- List the **BIG IDEA** and the day's activities on the board.
- Write the day's vocabulary words and definitions on the board.
- Print out **Facilitator Resource 1, Chance Cards**, and cut out the individual cards.
Note: You may need to print two or three copies in order to provide one card to each student.
- The following handouts need to be made into overhead transparencies or copied onto chart paper:
 - **Student Handbook page 140, Checkbook Register**
 - **Student Handbook page 141, Online Statement**

VOCABULARY

Checking Account: A bank account that allows you to withdraw money or make payments using checks.

Credit: The money you put into a bank account.

Debit: The money you take out of a bank account.

Deposit: To put money into a bank account.

Withdraw: To take money out of a bank account.

ACTIVITY STEPS

I. Warm Up: Where Did the Money Go? (10 minutes)

1. **SAY SOMETHING LIKE:** Welcome back, everybody. Last week, you learned about checking accounts, and even practiced filling in your own deposit slips and personal checks. As you've seen, you could have a lot of money going in and coming out of your account over the summer. This week, we're going to talk about keeping track of all that money. You've probably heard about "balancing" your checkbook. If it sounds complicated, don't worry. To balance a checkbook, you use the same basic skills you use to keep track of the money in your wallet.
2. **SAY SOMETHING LIKE:** Let's start today with a simple example of keeping track of money. Please turn to your **Student Handbook page 139, What's In Your Wallet?** [Display this student handbook page on the overhead. Have a different volunteer read each of the three paragraphs, making sure to underline the key information on the overhead. Then, model how to fill in the chart for Saturday and Sunday. Students will then complete the rest of the chart on their own.]
3. **SAY SOMETHING LIKE:** As you just saw, keeping track of your money doesn't have to be difficult—but it is extremely important! It's especially important when you start making money of your own. Even though you might feel like you've got lots of money, you can spend it much faster than you think. And if you don't keep track of the money in your checking account, you could get into trouble. Imagine this:

You've set up your bank account, you've deposited your first paycheck, and you've even written a few checks. Now it's time to get out some cold, hard cash for a night out with your friends. You pull up to the drive-thru ATM and punch in \$25.00. You're waiting patiently for some fresh bills to come sliding out of the ATM, but instead the words "Insufficient Funds" blink on the screen. What's up?

4. **SAY SOMETHING LIKE:** What happened? You were trying to take out more than you have in your account—and as you know, you can't do that! If you try to make a withdrawal at the bank or get money out of an ATM when you have insufficient funds, the bank simply won't give it to you.

But what happens if you try to write a check for more than you have in your checking account? This is an entirely different story, because the bank can't warn you when you're writing a check for more money than you have in your account. When you write

a check, you're telling the bank to take money out of your account and pay someone. Writing a check for more money than you have in your account is a problem because the person you've written a check to can't be paid. Writing a bad check is illegal, embarrassing, and expensive.

5. **SAY SOMETHING LIKE:** Why is writing a bad check expensive? [Allow students to respond.] That's right—it will cost you more money. That's because when you write a check that your account can't cover, you have to pay a fine. Some banks charge as much as \$30 if a check "bounces," or can't be covered by your account. But you may owe more money to the person or business you wrote the check to, since some businesses charge for receiving a bad check. Say you write a check at the grocery store and there's not enough money in your account to cover it. You have to pay two fines—\$30 to the bank and another \$20 to the grocery store. That's \$50 just for not keeping track of your money.
6. **SAY SOMETHING LIKE:** As you can see, keeping track of your money is very important. Before you write a check or take money out of an ATM, you'll want to know your account balance—or the amount of money you currently have in your account.

II. How To Keep Track: Make Sure It Adds Up (15 minutes)

1. **SAY SOMETHING LIKE:** One of the best ways to keep track of your money is with your checkbook register. You'll receive a checkbook when you open a checking account, and every checkbook comes with a register. This is a helpful way to track your checks, withdrawals, and deposits and keep up with your current balance.

Let's take a look at a checkbook register together. Please turn to **Student Handbook page 140, Checkbook Register**. [Project a copy of the handbook page onto an overhead projector.]

As you can see, this checkbook register has been filled out to show the date and amount of checks written, ATM withdrawals, and any deposits. The starting balance is written at the top.

3. [As a class, review the checkbook register and an example of a check, an ATM withdrawal, and a deposit. Point out that the main deposit or credit information is included on the white line. Directly below on the gray line is the place to add the reason for the purchase under "Description." In the far right-hand column, they can determine their current balance by adding deposits and subtracting any payments or

withdrawals. Have students use the register to answer the following questions:

- How many times did you put money into your account? (*Twice, \$25 on 7/6/12 and \$196.23 on 7/8/12, shown in the “Deposit” column.*)
- How many times did you take money out? (*Four times, shown in the “Withdrawal” column*)
- Who was check 1451 written to? (*State University*) For what amount? (*\$100*) For what purpose? (*dorm deposit*)
- When was your last entry? (*a withdrawal on 7/11/12*) If you haven't made any withdrawals or deposits since this date, what is your current balance? (*\$432.20*) (Be sure students understand that the last amount under “Balance” is the current balance, as long as all credits and debits have been entered in the register.)

4. **SAY SOMETHING LIKE:** Now it's time to enter another item in the checkbook register.

[Hand each student one “chance card,” which you cut out from **Facilitator Resource 1, Chance Cards.**]

You are each going to receive one “chance card” describing a credit or a debit. Read your card closely to identify the amount of the check, withdrawal, or deposit. Then enter this item into your check register. Let's say the date is July 12, 2012. Once you've entered the new item into your register, calculate your new balance. Remember to add for credits and subtract for debits.

5. [Give students a few minutes to complete their register. When they're done, have several students demonstrate or discuss their answers to show how they completed their registers.]

III. Online Statements: Just Log On! (15 minutes)

1. **SAY SOMETHING LIKE:** No matter how carefully you complete your register, chances are at some point you'll leave something out or make an error calculating your balance. Fortunately, the bank is keeping track of this information, too. At the end of the month, the bank will mail you a statement that reflects your debits, credits, and current balance. It's a good idea to check your register against this statement.
2. **SAY SOMETHING LIKE:** But sometimes you can't wait until the end of the month to double-check your balance. Or maybe you forgot to write down the amount of your last check and you need to know your balance before writing the next check.

Accessing your account information can be as easy as going online! Many banks offer online banking, which allows you to check your credits, debits, and current balance anytime.

3. **SAY SOMETHING LIKE:** Let's take a look at a sample online statement. Please turn to your **Student Handbook page 141, Online Statement**. This should look very familiar. It has a lot of the same information as your checkbook register. But as you'll see, the current balance and most recent credits and debits are listed at the top rather than the bottom.
4. [Review the online statement. Point out how you can check different accounts online, so you could also check the total in your savings account. You can also select different dates. Most online statements cover about a month, but you can go back and look at statements from previous months, too.]
5. **SAY SOMETHING LIKE:** An online statement is a great way to keep track of checks you write. For example, you can go online to see if checks you've written have cleared, in other words, if the money has been deducted from your account.

To get a sense for how this information can help you, I'd like you to turn to your **Student Handbook page 142, Online Statement Questions**. Please use the online statement to answer these questions.

7. [Complete the first two questions as a class, and then give students eight minutes to answer the rest of the questions. When they're done, have them check their answers with a partner.]

IV. Wrap Up (5 minutes)

1. [As a class, review what was covered in the lesson.]
SAY SOMETHING LIKE: Why is it important to keep track of your money? What are some ways to do this?
2. **SAY SOMETHING LIKE:** So far, we've talked about two ways to spend money: with cash and with personal checks. Next week, we're going to talk about a different way to spend money: credit cards. Credit cards can be a convenient way to make purchases, but like personal checks, they can be risky if you don't use them carefully!

Chance Cards

<p>It's payday! You just received a paycheck for \$203.00. Deposit it right away.</p>	<p>You owe your little sister \$12.00 for Girl Scout cookies you ordered. Make the check out to Girl Scouts of America.</p>
<p>You're heading to the theme park this weekend. Stop by the ATM and take out \$75.00.</p>	<p>Send a check for \$150.00 to State University to cover lab fees for your fall semester chemistry class.</p>
<p>Thanks, Grandpa! You just received \$30.00 as a birthday gift. You vow to deposit it right away.</p>	<p>You send your new roommate a check for \$48 to cover a new set of sheets.</p>
<p>Your mom lent you \$30.00 last month, so you write her a check to pay back the loan.</p>	<p>It's payday! You just received a paycheck for \$203.00. Deposit it right away.</p>
<p>You need some cash for the July 4th festival. Stop by the ATM and take out \$25.00.</p>	<p>You just gotta have that cool sweatshirt for your new university. Write a check to Sports Gear for \$21.34.</p>
<p>You just earned \$20.00 for mowing the neighbor's lawn. Deposit it right away.</p>	<p>You're heading out for a night at the movies. Better stop by the ATM and take out \$25.00 for movie tickets and popcorn.</p>
<p>It's payday! You just received a paycheck for \$203.00. Deposit it right away.</p>	<p>A friend's mom gives you \$35.00 to walk their dog while they're on vacation. Deposit it today!</p>

What's in Your Wallet? Answer Key

Facilitator Directions: Read the story below as a class. As you read, highlight the key information that will help the students keep track of how much money is in their wallets each day. Model how to complete Saturday and Sunday, and then let the students complete the rest of the chart on their own. Once all the students have completed their work, call on a volunteer to answer the question at the bottom.

On Saturday, you go to the mall with your brother. You see a cool T-shirt of your favorite band, but you don't have any money left in your wallet. Your brother loans you \$15.00 to pay for the shirt and you promise to pay him back in a week. After all, you know you'll be making money that week mowing lawns.

On Sunday, you make \$20.00 mowing lawns and put the money in your wallet. Monday, you go out with friends for ice cream and spend \$4.00. Tuesday, you make \$10.00 mowing another lawn, and spend \$8.00 that night at the movies. Wednesday, you go to the mall with friends and spend \$13.00 on a new CD and \$2.00 on a soda. Thursday, you mow another lawn and add \$10.00 to your wallet.

Friday night, your brother asks for the \$15.00 you owe him. You check your wallet, confident there's plenty there to pay him back. After all, you made \$40.00 mowing lawns this week. **How much is left in your wallet?**

Day	Income	Expenses	Amount in Your Wallet
Sunday	\$20	0	\$20
Monday	0	\$4	\$16
Tuesday	\$10	\$8	\$18
Wednesday	0	\$15	\$3
Thursday	\$10	0	\$13
Friday	0	0	\$13 (not enough to pay your brother back)

Online Statement Questions Answer Key

Use the online statement to answer the questions below.

1. In late June, you wrote a check to your college to cover a dorm deposit of \$100.00. You noted that it was check #1451 in your register. You've just received a letter that you still owe the money. Look at your statement. Did the check clear? (In other words, was the money deducted from your account?) If so, on what date?

It was subtracted from your account on 7/2/12. (Remind students that when you write a check, the person you write the check to takes it to his bank, and their bank presents it to your bank for payment. When your bank pays, the check has "cleared." A copy of the cancelled check — provided by your bank — is proof that you've paid.)

2. Your weekly paycheck is \$203.00. Did you deposit all four paychecks this month?

Yes. Your statement shows all 4 deposits: 7/08, 7/15, 7/22, and 7/29.

3. You sent a check to your new roommate Chris to cover a small microwave for your dorm room. From your check register, you know it was check #1453. Has the money been deducted from your account yet?

No, because it hasn't appeared on your statement yet.

4. What dates did you make ATM withdrawals? How much have you withdrawn so far this month?

7/05, 7/15, and 7/20, for a total of \$125.

5. At the family July 4th picnic, your Uncle Sal gave you \$25.00 as a graduation gift. You were going to deposit it to keep from spending it right away, but now you can't remember if you did. Did you deposit it? If so, when?

You made a deposit for \$25 on 7/06, so probably yes. This is where your check register comes in handy, since you can write "Uncle Sal's gift" on the description line.

6. How much money have you deposited into your account this month?

\$837.00. Four paychecks of \$203.00 each, plus \$25.

7. How many checks have been paid by the bank this month?

Five checks: numbers 1451, 1452, 1454, 1455, and 1456.

8. What was your account balance at the end of June (before you wrote the check to State University)? What is it now?

\$423.45 at the end of June, \$912.76 now.

What's in Your Wallet?

On Saturday, you go to the mall with your brother. You see a cool T-shirt of your favorite band, but you don't have any money left in your wallet. Your brother loans you \$15.00 to pay for the shirt and you promise to pay him back in a week. After all, you know you'll be making money that week mowing lawns.

On Sunday, you make \$20.00 mowing lawns and put the money in your wallet. Monday, you go out with friends for ice cream and spend \$4.00. Tuesday, you make \$10.00 mowing another lawn, and spend \$8.00 that night at the movies. Wednesday, you go to the mall with friends and spend \$13.00 on a new CD and \$2.00 on a soda. Thursday, you mow another lawn and add \$10.00 to your wallet.

Friday night, your brother asks for the \$15.00 you owe him. You check your wallet, confident there's plenty there to pay him back. After all, you made \$40.00 mowing lawns this week. **How much is left in your wallet?**

Day	Income	Expenses	Amount in Your Wallet
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday			

Checkbook Register

Every checkbook comes with a register. This is a helpful way to track your checks, withdrawals, and deposits and keep up with your current balance. Notice that the main deposit or credit information is included on the white line. Directly below on the gray line, you can add the reason for the purchase under “Description.” In the far right-hand column, you can determine your current balance by adding deposits and subtracting any payments or withdrawals.

CHECK NO.	DATE	DESCRIPTION	PAYMENT, WITHDRAWAL	DEPOSIT, CREDIT	BALANCE
					\$ 423.45
1451	6/28/12	State University	100.00		100.00
		Dorm deposit			323.45
ATM	7/5/12	ATM	50.00		50.00
		Spending money			273.45
	7/6/12	Deposit		25.00	25.00
		Graduation gift			298.45
	7/8/12	Paycheck		203.00	203.00
					501.45
1452	7/9/12	Town Tunes	17.48		17.48
		Birthday gift			483.97
1453	7/11/12	Chris Jones	45.00		45.00
		Dorm microwave			438.97

Online Statement

Many banks offer online banking, which allows you to check your current balance anytime. Online statements vary, but many share some of these common features.

FIRST BANK

Working for you!

ONLINE BANKING

Account Details

Account: [Checking account – 1234] (Click to change account)

Date: [7/1/12 through present] (Click to change dates)

Transactions				
Date	Description (click to see details)	Type	Amount	Balance
7/29/12	Check 1456	Check	-\$32.56	\$912.76
7/29/12	Deposit	Deposit	+\$203.00	\$945.32
7/22/12	First Bank ATM Withdrawal	Withdrawal	-\$25.00	\$742.32
7/20/12	Deposit	Deposit	+\$203.00	\$767.32
7/18/12	Check 1455	Check	-\$24.13	\$564.32
7/17/12	Check 1454	Check	-\$48.52	\$588.45
7/15/12	First Bank ATM Withdrawal	Withdrawal	-\$50.00	\$636.97
7/15/12	Deposit	Deposit	+\$203.00	\$686.97
7/09/12	Check 1452	Check	-\$17.48	\$483.97
7/08/12	Deposit	Deposit	+\$203.00	\$ 501.45
7/6/12	Deposit	Deposit	+\$25.00	\$ 298.45
7/05/12	First Bank ATM Withdrawal	Withdrawal	-\$50.00	\$273.45
7/2/12	Check 1451	Check	-\$100.00	\$ 323.45
				\$ 423.45

Online Statement Questions

Use the online statement to answer the questions below.

1. In late June, you wrote a check to your college to cover a dorm deposit of \$100.00. You noted that it was check #1451 in your register. You've just received a letter that you still owe the money. Look at your statement. Did the check clear? (In other words, was the money deducted from your account?) If so, on what date?

2. Your weekly paycheck is \$203.00. Did you deposit all four paychecks this month?

3. You sent a check to your new roommate Chris to cover a small microwave for your dorm room. From your check register, you know it was check #1453. Has the money been deducted from your account yet?

4. What dates did you make ATM withdrawals? How much have you withdrawn so far this month?

5. At the family July 4th picnic, your Uncle Sal gave you \$25.00 as a graduation gift. You were going to deposit it to keep from spending it right away, but now you can't remember if you did. Did you deposit it? If so, when?

6. How much money have you deposited into your account this month?

7. How many checks have been paid by the bank this month?

8. What was your account balance at the end of June (before you wrote the check to State University)? What is it now?

Using Credit Cards with Care

The **BIG** Idea

- What are the advantages and risks of using credit cards?

AGENDA

Approx. 45 minutes

- I. Warm Up: Buy Now, Pay Later!
(10 minutes)
- II. It Adds Up Fast! How Interest Rates Work (15 minutes)
- III. Why It Matters: Financial Troubles and Credit Rating
(10 minutes)
- IV. Wrap Up: Advice to a Friend
(10 minutes)

MATERIALS **STUDENT HANDBOOK PAGES:**

- Student Handbook page 143, Charge It?
- Student Handbook page 144, Things to Remember About Credit Cards

 FACILITATOR PAGES:

- Facilitator Resource 1, Charge It?
(Answer Key)

- Overhead projector
- Laptop, LCD projector, and speakers
- Internet access (optional)
- Ruled paper

OBJECTIVES

During this lesson, the student(s) will:

- Understand the risks of credit cards and how interest rates can increase your credit card balance.
- Learn about credit records and the importance of good credit.
- Explain why it's important to pay credit card bills in full and on time.

OVERVIEW

In this lesson, students will watch a brief video about a recent college graduate who learned a valuable lesson racking up credit card charges she didn't pay off. They'll discuss advantages and disadvantages of credit cards, specifically the dangers associated with interest rates. They'll review some examples of how interest rates can increase the actual cost of items if credit card charges aren't paid in full and on time. Finally, students will learn about credit reports — and why the way they handle credit now can have a big impact on their futures.

PREPARATION

- List the **BIG IDEA** and the day's activities on the board.
- Write the day's vocabulary words and definitions on the board.
- Print out a copy of the **Student Handbook page 143, Charge It?** onto a transparency to show on an overhead projector.
- Preview the Credit Card Debt: A Student's Story video at...
http://www.aie.org/managing_your_money/Credit-cards/Credit-Card-Debt-A-Student-Story.cfm
(under Credit Cards), and make arrangements to view it in class by downloading it to your laptop (or via Internet connection in class.)

VOCABULARY

Credit: Money you borrow (for example, from a bank) with the promise to pay it back at a later date or over time.

Interest: The amount you pay for the money you borrow, usually a percentage of the money you borrow.

Annual Percentage Rate (APR): The amount of interest you pay over a year.

Credit Record: A record of all the money you've borrowed, including credit cards, and your payment history.

IMPLEMENTATION OPTIONS

The chart on **Student Handbook page 143, Charge It?** is based on an online calculator found at <http://www.practicalmoneyskills.com/>.

Mouse over the “Calculators” tab near the top of the page and select the “Credit & Debt” option from the drop-down menu. Under ‘Select a Calculator,’ click “Cost of Credit.” You can enter a purchase price, interest rate, and monthly payment, then see how long it will take to pay off your credit card and how much total interest you’ll pay. Students may enjoy this as a supplement to the information presented in the chart.

In Activity II, if your students seem completely lost when you are modeling how to predict the number of payments and interest charges on **Student Handbook page 143, Charge It?** feel free to model the last two rows as a class. You should follow the same format as written in section 5 of this activity.

ACTIVITY STEPS

I. Warm Up: Buy Now, Pay Later! (10 minutes)

1. **SAY SOMETHING LIKE:** Who here thinks you'll have a credit card when you turn 18? While credit cards sound very appealing, they should be used with caution. Let's start by watching a short video about a recent college graduate who used her credit card throughout her college years.

2. [Show the class the *Credit Card Debt: A Student's Story* video from the following website: http://www.aie.org/managing_your_money/Credit-cards/Credit-Card-Debt-A-Students-Story.cfm. (See **Preparation**.)]

3. **SAY SOMETHING LIKE:** What can we learn from Robyn's experience? [Have students share their answers.] The video states that 21% of college students graduate with \$7,000 in credit card debt. What happens to that amount the longer it takes to pay off that debt? [Allow students to respond.]

4. **SAY SOMETHING LIKE:** Of course, it can be hard to resist the temptation of credit cards. Let's imagine ourselves in this situation: It's the summer before college and you're shopping for some new clothes. You're about to buy a \$40 sweater, when the salesperson asks if you'd like to open a credit card with the store. If you open an account today, you can save 15% off your purchase. Wow, you think—you could save \$6 on that sweater! Plus, that would leave \$40 cash in your pocket you could spend on something else. What would you do? What do you need to know before making this decision?

[**Note:** There are many financial examples in this lesson that illustrate purchase prices, interest, minimum payments, late fees, etc. Though it's not necessary to go through elaborate calculations for each example, it's helpful to write the numbers on the board so students can follow the discussion.]

5. **SAY SOMETHING LIKE:** Once you turn 18, you're going to receive a lot of enticing offers for credit cards. But it's important to understand the benefits and dangers of credit before you think about credit cards. First, what is **credit**? Credit allows you to borrow money, for example, from a bank, and pay it back at a later date or over time. So a credit card lets you buy something now and pay later. Banks and other financial institutions issue credit cards. So when you use their credit card, you're borrowing money from them.

6. **SAY SOMETHING LIKE:** We're going to spend a lot of time talking about the risks of credit cards today. But they do have some advantages. Can anyone think of any? [Make a list on the board, such as:

- They allow you to make purchases now and pay later.
- They allow you to make purchases in an emergency when you don't have the cash.
- They're safer and more convenient to carry than cash or checks.
- They keep a record of your purchases.
- They're necessary to purchase things online.
- If used responsibly, they allow you to establish a history of good credit, which will make getting loans for a car, school, or a house easier down the road.]

7. **SAY SOMETHING LIKE:** Credit cards sound pretty great, don't they? Well, here's the most important thing to know about credit cards. [You may want to write this on the board.]

If you don't pay your credit card bill IN FULL and ON TIME, it will cost you a lot of money.

You see, if you don't pay back that loan right away, you're going to pay **interest** and late fees. You'll pay interest, or a certain percentage, on any charges that aren't paid in full. So if you owe \$100, and you only pay \$10, you'll owe interest on the remaining \$90. And if you don't make any payment, or don't pay on time, you'll pay a late fee.

Why does it cost so much to borrow money? Well, banks are in the business to make money. And they're going to charge you for borrowing their money. Here's the other important thing to remember:

The longer you put off paying your credit card bill, the more you're going to owe.

In other words, if you charge \$100.00 on your credit card, it's not going to stay at \$100.00. With interest rates and fees, that amount will keep increasing until you may not be able to pay your bills at all.

8. **SAY SOMETHING LIKE:** In today's lesson, we're going to take a closer look at these risks and why it matters in the long term.

II. It Adds Up Fast! How Interest Rates Work (15 minutes)

1. **SAY SOMETHING LIKE:** Let's say you decided to open a credit card account at the store where you bought the sweater. A few weeks later, you receive your first bill for \$34.00. You notice you could make a "minimum payment" of \$15.00, but you really need that money this weekend. You decide not to pay anything now, and stick the bill in your dresser. The next month, you open your bill and you notice it's \$59.61. What happened? You thought you paid \$34 for that sweater! You look closely at the bill and see those charges came from finance charges and late fees.
2. **SAY SOMETHING LIKE:** You owe a *finance charge* any time you don't pay your bill in full. A finance charge is the amount of **interest** you owe. Remember, interest is money you pay for what you've borrowed. Interest rates are described as percentages. The higher the interest rate, the more money you pay.

You owe a *late fee* anytime you don't make a minimum payment, or if you make a payment late. Late fees can be very high, so even if you can't pay in full, it's important to make a minimum payment and pay on time.

3. **SAY SOMETHING LIKE:** Let's take a closer look at how interest rates work. Credit cards describe interest as an **annual percentage rate (APR)**, or the amount of interest you pay over a year. Say you have a new credit card with an APR of 18%. You use your card to pay for a bunch of stuff for your dorm room. Your card has a balance of \$1,000.00. You stop using your card, but don't pay that balance for a full year. A year later, you'll owe an additional 18% in interest—or \$180. Your balance just climbed to \$1,180.00! (And, of course you have to keep making payments and pay a portion of this interest every month.)
4. **SAY SOMETHING LIKE:** A trap some people fall into is thinking they can just make a minimum payment on their credit card and keep on charging. Take the example above. Your credit card balance is \$1,000. You decide to stop using your card, and start making the minimum payment of \$20 every month. How many months would it take to pay off a bill of \$1,000 at \$20 per month? You might think it would take 50 months—after all, divide \$1,000 by \$20 and you get 50, right?

Well, think again. Even though you're paying \$20 each month, the bank is charging you interest (18% APR) on the money you still owe. Each month, that interest is adding up. Meaning the longer it takes to pay, the more you owe! So even though you're paying \$20 a month to cover the \$1,000 balance, it will take almost EIGHT YEARS to

pay off the loan. In the end, you will have paid \$862 in interest (finance charges). In other words, you'd have to pay \$1,862 for items worth only \$1,000!

5. **SAY SOMETHING LIKE:** Turn to your **Student Handbook page 143, Charge It?** [Display the page on an overhead projector.]

Here's a look at how much you'd end up paying for items when you make small payments and are charged interest every month. We just discussed the first example, in which you paid off a \$1,000 balance with payments of \$20. Look at the second example. What happens if you increase your monthly payments to \$40? In this case, you would be doubling your minimum payment. How many payments do you think you'll need to make? [Allow students to respond.] In this case, I would have guessed that the number of payments would have decreased by one half since we doubled the minimum payment. This would mean that it would take 47 months to pay off a \$1,000 bill with a minimum payment of \$40. In reality, it would take 32 months to pay off this bill. Why? (Because the balance is reduced more quickly, you'd pay less interest.)

Now we're going to predict the amount of interest you would be charged for a minimum payment of \$40. If a minimum payment of \$20 results in interest of \$862.23, what do you think the interest charges would be for a minimum payment of \$40? [Allow students to respond, and then fill in the correct answer for the interest charges and final cost on the overhead.] Increasing the minimum payment by \$20 saved about \$600.

[Then instruct the students to make predictions for the remaining blank sections. Explain to the students that it's OK if they get the wrong answer. They should try to make their predictions reasonable, but there is no penalty for answers that are way off. Give them three minutes to complete this work, and then go over the correct answers as a class. (See **Facilitator Resource 1, Charge It? Answer Key**).]

SAY SOMETHING LIKE: So remember: *If you only pay your minimum payments, it will take years to pay off your credit card—and you'll end up paying a lot more!*

III. Why It Matters: Financial Troubles and Credit Rating (10 minutes)

1. **SAY SOMETHING LIKE:** Every year, millions of Americans make the mistake of ignoring their ever-growing credit card bills. The credit card debt carried by the average American is over \$8,000! And Americans pay *billions* of dollars in finance charges every year. Maybe they hope the problem will go away. Or they might think that it won't get any worse. But the longer they ignore the problem, the worse it gets.

Even if someone stops using his credit card altogether, his balance will keep growing as finance charges keep adding up.

2. **SAY SOMETHING LIKE:** Financial trouble is just one reason to pay your bills on time. You could also get into legal trouble. After all, when you sign a contract for a credit card, you are making a legal obligation to the bank or department store to pay the money back on time. If you fail to do so, they could take legal action against you.
3. **SAY SOMETHING LIKE:** But there's another very important reason you should be careful to pay your credit card bills on time: your **credit record**. Your credit record is basically a record of all the money you've borrowed—including all your credit cards—and your payment history. If you have borrowed money and paid it back on time, you will have good credit. If you have not paid back money on time, you'll have bad credit.
4. **SAY SOMETHING LIKE:** You might be wondering why this matters — after all, who's going to see your credit record? The answer is, *lots of people*—*from banks to future employers*. You see, your credit record follows you wherever you go. Any time you apply for a loan or any other credit card, your credit record is checked. Future employers may also check your credit record. After all, people want to see if you are reliable and trustworthy—do you keep your promise when you owe people money? With a bad credit rating, you could get turned down for a job you really want. Or you might not be able to get a loan to purchase something really important, such as a home or a car.

In some cases, you may still receive a loan, but at a much higher interest rate. For example: If you have good credit, you might be able to borrow money to buy a house at 6% interest. If your credit is bad, it will cost you more, such as 7% interest. That might not sound like a lot, but over the 30 years it takes to pay off a \$200,000 mortgage, bad credit will cost you \$47,340 more!

5. **SAY SOMETHING LIKE:** The bottom line is this: *The way you handle your money now can have a big impact on your future.*

IV. Wrap Up: Advice to a Friend (10 minutes)

1. Have students turn to their **Student Handbook, page 144, Things to Remember About Credit Cards**. Review the list as a class.
2. **SAY SOMETHING LIKE:** We talked a lot about the dangers of credit cards today. But if used carefully, credit can play an important role in our lives. Credit allows people to afford big purchases that will be useful for many years. For example, in your lifetime, you will probably take out loans for a house, a car, and maybe even college. Not only do these loans carry lower interest rates than credit cards, these purchases can often be a very wise investment because they have lasting value. Your college education will help you throughout your life. Your home provides a place for your family to live—and will probably increase in value over time.
3. **SAY SOMETHING LIKE:** Before we end today, I'd like you to imagine you're out shopping with a friend. You're at one of your favorite stores and the salesperson asks your friend about opening a new card and saving on today's purchase. Your friend is ready to sign up on the spot. What would you say to your friend to help him or her make an informed decision? Write a note with your advice.

Charge It? (Answer Key)

Give students three minutes to complete the predictions on the chart below and then review the answers as a class.

Item and Original Cost	Minimum Payment	Number of Payments	Interest Charges	Final Cost
Stuff for dorm room \$1,000	\$20	94 months (Seven years and 10 months)	\$862.23	\$1,862.23
Stuff for dorm room \$1,000	\$40	32 months (Two years and eight months)	\$262.72	\$1,262.72
Stereo \$500	\$20	32 months (Two years, eight months)	\$131.39	\$631.39
Stereo \$500	\$40	14 months	\$57.85	\$557.85
Miscellaneous expenses (clothes, CDs, dinners out) \$3,000	\$50	155 months (almost 13 years!)	\$4,732.78	\$7,732.78
Miscellaneous expenses (clothes, CDs, dinners out) \$3,000	\$75	62 months (Five years and two months)	\$1,615.73	\$4,615.73

To create your own examples showing the cost of credit cards, click on <http://www.practicalmoneyskills.com/wizards/credit/index.php> and try the online calculator.

Charge It?

You have a new credit card with an 18% APR, or annual percentage rate. The chart below gives you a look at what you'll really spend on different items — and how long it will take to pay the bill — if you don't pay the bill in full each month.

Directions: Predict the number of payments, interest charges, and final cost for the blank spaces below.

Item and Original Cost	Minimum Payment	Number of Payments	Interest Charges	Final Cost
Stuff for dorm room \$1,000	\$20	94 months (Seven years and 10 months)	\$862.23	\$1,862.23
Stuff for dorm room \$1,000	\$40			
Stereo \$500	\$20	32 months (Two years, eight months)	\$131.39	\$631.39
Stereo \$500	\$40			
Miscellaneous expenses (clothes, CDs, dinners out) \$3,000	\$50	155 months (almost 13 years!)	\$4,732.78	\$7,732.78
Miscellaneous expenses (clothes, CDs, dinners out) \$3,000	\$75			

To create your own examples showing the cost of credit cards, click on <http://www.practicalmoneyskills.com/wizards/credit/index.php> and try the online calculator.

Things to Remember About Credit Cards

Thinking about getting a credit card when you turn 18? Here are some important things to remember:

- When you use a credit card, you are borrowing money from a bank with the promise to pay it back.
- **If you don't pay your credit card IN FULL and ON TIME, you will end up owing MORE than the money you borrowed. Two major reasons are:**
 - Late Fees:** If you don't make any payment when the bill is due—or if you make a payment after the due date—you will be charged late fees. Late fees can be very high, such as \$25.00 per late payment.
 - Interest Charges** (or finance charges): If you don't pay your bill in full, you must pay interest on the money you owe. The interest is a percentage of the money you owe. This interest keeps adding up as long as you owe the money.
- **The longer you put off paying your credit card bill, the more you're going to owe.**
 - Even if you make minimum payments every month, the interest is still adding up on the money you still owe.
- **If you only pay your minimum payments, it will take years to pay off your credit card. If you don't pay your credit card bills in full and on time, you could face:**
 - Financial Trouble:** The longer you ignore your bills, the more your balance will grow—until your bills may be impossible to pay.
 - Legal Trouble:** When you sign a contract for a credit card, you're making a legal obligation to the bank or department store to pay money back on time. If you fail to do so, they could take legal action against you.
 - A Poor Credit Record:** Your credit record tracks all the money you've borrowed and your payment history. When you apply for a loan, another credit card, and even a job, people will check your credit record. You could get turned down for future loans and jobs with a poor credit record.
- **The way you handle your money now can have a big impact on your future.**

Before You Sign: Contracts

The **BIG** Idea

- What are some important things to consider before signing a contract?

AGENDA

Approx. 45 minutes

- I. Warm Up: Your Own Cell Phone (10 minutes)
- II. Comparing Plans (15 minutes)
- III. Reading the Fine Print: Reviewing Contracts (10 minutes)
- IV. Wrap Up (10 minutes)

MATERIALS

PORTFOLIO PAGES:

- Portfolio pages 28–30, Grade 10 Skills Checklist

STUDENT HANDBOOK PAGES:

- Student Handbook page 145, Choose Your Plan
- Student Handbook pages 146–147, Student Questions
- Student Handbook page 148, Cell Phone Service Contract
- Student Handbook page 149, Wrap Up: Your First Phone Bill

FACILITATOR PAGES:

- Facilitator Resource 1, Cell Phone Ad
- Facilitator Resource 2, Student Questions Answer Key
- Facilitator Resource 3, Your First Phone Bill Answer Key

Overhead projector

Calculators

Highlighters (one per student)

OBJECTIVES

During this lesson, the student(s) will:

- Understand the importance of carefully reviewing a contract.
- Compare three different cell phone plans and answer questions based on the information.
- Review a service contract to identify rules, limitations, and any hidden costs of a cell phone plan.

OVERVIEW

In this lesson, students will learn about the importance of carefully reviewing contracts, as they select a cell phone plan for their first year in college. They'll begin by considering an enticing advertisement for a fictional cell phone plan. Next, they'll compare three plans offered by the cell phone company and use the information to answer specific questions about the plans. Then they'll read the company's service contract to identify some of the hidden costs and limitations of the plan. Finally, they'll be given a simple scenario of cell phone use and determine the amount of the first monthly bill.

PREPARATION

- List the **BIG IDEA** and the day's activities on the board.
- Write the day's vocabulary word and definition on the board.
- The following handouts need to be made into overhead transparencies or copied onto chart paper:
 - **Student Handbook pages 146–147, Student Questions**
 - **Student Handbook page 149, Wrap Up: Your First Phone Bill**
 - **Facilitator Resource 1, Cell Phone Ad**

VOCABULARY

Contract: A signed agreement (or document) between two or more parties, such as an individual and a company.

IMPLEMENTATION OPTIONS

For classes not proficient in math, you may wish to work through the calculations together, using the blackboard or overhead projector.

ACTIVITY STEPS

I. Warm Up: Your Own Cell Phone (10 minutes)

1. **SAY SOMETHING LIKE:** Welcome back, everybody. Last week you learned about credit cards—and why the way you use them now can have a big impact on your future. This week, we're going to talk about something else that can have a big impact on your future: contracts.
2. **SAY SOMETHING LIKE:** You will sign many contracts in your lifetime, whether you're signing up for a credit card, a service for your home like electricity or water, or even medical treatment. Who knows what a contract is? [Take answers and jot down relevant words or phrases on the board.]

A **contract** is a signed agreement between you and a company or another individual. A contract clearly states the terms of an agreement, such as what will be provided and for how long. A contract is a legal document, so you are making a legal commitment when you sign a contract. That means there could be financial or legal penalties if you change your mind. And that's why it's so important to review any contract very carefully before you sign it.

3. **SAY SOMETHING LIKE:** Let's look at an example of a time in the near future when you might be signing a contract: when it's time to choose and pay for your own cell phone plan.

Imagine this scenario: You're about to leave for college, where you'll need a new cell phone to keep in touch with friends and family. Your parents have cell phone service with a company called Ring Ring. Ring Ring offers free calls to anyone else that uses their network, so you have decided to choose a plan with Ring Ring. Your parents have offered to pay \$50 per month to cover your cell phone charges. You just need to figure out which plan works for you.

As you're flipping through the newspaper one afternoon, you see this ad. [Put the **Facilitator Resource 1, Cell Phone Ad** on the overhead projector.]

You fall in love with the orange phone—you've never seen another one like it! Plus, it's FREE if you sign up for the Student Plan, which looks like it's in your budget.

4. **SAY SOMETHING LIKE:** What do you think? Should you sign up right away? [Take answers.]

No, you probably shouldn't just choose a plan based on the phone, right? What are some things you'll need to consider before choosing a cell phone plan? [Take answers from the class; make a list on the board. (Examples: number of free minutes; cost for calls when you exceed your minutes; peak and off-peak hours; cost for out-of-area or international calls; cost for text messaging or Internet access; taking/sending pictures; downloads; etc.)]

II. Comparing Plans (15 minutes)

1. **SAY SOMETHING LIKE:** OK, let's say you make a wise choice—to compare different plans offered by Ring Ring instead of just choosing the plan that gets you the cool orange phone. Turn to your **Student Handbook page 145, Choose Your Plan** and look at the three basic plans offered by Ring Ring.
2. **SAY SOMETHING LIKE:** How are these plans different? [Take answers, such as number of free minutes, cost for additional minutes, and overall cost.]
3. **SAY SOMETHING LIKE:** Next, turn to **Student Handbook pages 146–147, Student Questions**. Use the chart in **Student Handbook page 145, Choose Your Plan** to answer the first set of questions. [Give students 10 minutes to complete the questions, and then review the answers as a class.]

III. Reading the Fine Print: Reviewing Contracts (10 minutes)

1. **SAY SOMETHING LIKE:** Say you've decided to go with Plan B, the Student Plan, and you're ready to sign up. But before you do, it's important to carefully review the contract for the plan. Even though contracts can be cumbersome to read sometimes, they include important information—and extra costs—you may not have considered. After all, flashy advertisements are designed to highlight just the desirable features of a product or service. You have to read the fine print to find the real truth behind the advertisement. Usually, nothing's as “free” or “easy” as it sounds!
2. [Have the class turn to **Student Handbook page 148, Cell Phone Service Contract**. Give each student a highlighter. Instruct students to use the information in this contract to answer the second set of questions on the **Student Handbook pages 146–147,**

Student Questions. Students should highlight this information on their contract. Give the students seven minutes to complete these questions. If time permits, review the answers as a class.]

IV. Wrap Up (10 minutes)

1. **SAY SOMETHING LIKE:** Before we end for the day, I'd like you to turn to your **Student Handbook page 149, Wrap Up: Your First Phone Bill.** In this scenario, you have decided to go with Plan B, the Student Plan—you just couldn't resist that orange phone. But when the first bill arrives at the end of September, you're a bit surprised. Read the details on your student handbook page, and figure out the total of your first bill.
2. [If time permits, bring students together to share their answers. Discuss whether Plan B was the best decision, or how you could change your cell phone use to lower your future cell phone bills.]

SKILLS CHECKLIST

Direct students' attention to **Portfolio pages 28–30, Grade 10 Skills Checklist.** Have students complete the skills checklist questions for Money Matters skills.

Money Matters

I can...

Explain why a budget is important, and can name categories to include when creating one.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Keep track of the money in a checking account.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Describe the pros and cons of using a credit card.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Explain what to think about when considering a contract for a cell phone.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well

As you head off to college...

What will your cell phone say about you?



Choose a phone that fits your personal style.

Available in ruby red, Florida orange, lemon yellow, grass green, sky blue, and plum purple.

The New **Rainbow Phone** from *RING RING*.

Yours **FREE** with the *Student Plan*—only \$49.99/month.

- 500 minutes a month
- Unlimited nights & weekends
- Free calls to anyone in the *RING RING* network.

RING RING

Connecting you to your world.

Student Questions Answer Key

PART 1

1. Excluding calls to your family, you estimate about 30 minutes of talk time each day during daytime hours (that is, before your free nights/weekends take effect). Complete the calculations below using each of the three plans.

PLAN A	Cost
Monthly access fee	\$39.99
Over-limit charge	\$90.00
a. <u>30</u> minutes per day x 20 weekdays/month = <u>600</u> (minutes talked)	
b. <u>600</u> (minutes talked) – <u>400</u> minutes allowed = <u>200</u> (extra minutes)	
c. <u>200</u> (extra minutes) x \$.45/minute = <u>\$90</u> (over-limit charge)	
Total Cost	\$129.99

PLAN B	Cost
Monthly access fee	\$49.99
Over-limit charge	\$40.00
a. <u>30</u> minutes per day x 20 weekdays/month = <u>600</u> (minutes talked)	
b. <u>600</u> (minutes talked) – <u>500</u> minutes allowed = <u>100</u> (extra minutes)	
c. <u>100</u> (extra minutes) x \$.40/minute = <u>\$40</u> (over-limit charge)	
Total	\$89.99

PLAN C	Cost
Monthly access fee	\$59.99
Over-limit charge	\$0.00
a. <u>30</u> minutes per day x 20 weekdays/month = <u>600</u> (minutes talked)	
b. <u>600</u> (minutes talked) – <u>650</u> minutes allowed = <u>00</u> (extra minutes) <i>Since the minutes talked was less than the minutes allowed, no extra minutes were used.</i>	
c. <u>0</u> (extra minutes) x \$.35/minute = <u>\$0</u> (over-limit charge)	
Total Cost	\$59.99

2. Based on your answers to question 1, which plan are you better off choosing? Explain.

You're much better off with Plan C, which will allow you to talk your estimated 30 minutes per weekday. With Plan B, you're paying \$40.00 for extra minutes, bringing your total monthly bill to \$89.99. For Plan A, you're paying \$90.00 for extra minutes, which raises your total monthly bill to \$129.99.

Student Questions Answer Key

PART 2

1. How much will you have to pay to activate your line the first month? (See “activation fee.”)
\$35
2. Name at least two other fees you’ll pay each month.
Taxes, monthly universal service charge, monthly regulatory charge, monthly administrative charge
3. You like the Ring Ring plans because they offer unlimited night and weekend calls. What time do free calls begin in the evening?
Monday–Friday evening at 9:01 PM
4. Imagine you choose Plan B, which offers 500 free minutes. In September, you only use 475 minutes. What happens to your unused minutes?
“Unused allowance minutes lost”
5. When you get to school, you find that you don’t get very good reception from your dorm room. You decide to drop Ring Ring altogether. You signed up for a year-long contract. How much might you have to pay to cancel (terminate) your contract early?
Up to \$175
6. Since you’re new to town, you might need to call information (411) often to find local numbers. How much will each call cost you?
\$1.49 per call plus airtime
7. You carefully plan the calls you make (or OUTGOING calls) so you don’t go over your minutes. But what about calls that other people make TO you, or INCOMING calls)? Will those take up your minutes as well?
Yes, when the call connects to the Ring Ring network on incoming calls.

Wrap Up: Your First Phone Bill Answer Key

After comparing the different Ring Ring plans, you decided to go with Plan B, the Student Plan. You decided you just HAD to have that orange phone, and the plan (\$49.99) was within the monthly budget your parents offered to pay. However, you're in for a surprise when the bill arrives at the end of the first month. To begin, you went over your allowance of minutes, talking for 575 minutes. You also sent and received 17 text messages, and called information four times. And since this was the first month, there was an activation fee of \$35.00. To top it off, there were \$14.50 of monthly service charges.

1. What was the total cost?

Basic rate:	\$49.99
Extra minutes x Cost per minute: <u>75</u> minutes x <u>.40</u> /minute =	\$30.00
Text messages x Cost per message: <u>17</u> text messages x <u>\$.40</u> /message =	\$3.40
Information calls x Cost per call: <u>4</u> calls x <u>\$1.49</u> /call =	\$5.96
Activation fee	\$35.00
Service charges & fees:	\$14.50
Total cost:	\$138.85

2. Was Student Plan B the best plan for you considering your cell phone use this month? Why or why not?

No. Excess minutes cost \$30. All of those minutes would have been paid for with Plan C for only \$10 more.

Choose Your Plan

Below is an overview of Ring Ring’s three voice basic plans for individuals. Read the chart closely and answer the questions in part 1 of **Student Handbooks pages 146–147, Student Questions.**

Ring, Ring Basic Voice Plans	Monthly Anytime Minutes	Monthly Access	Per-Minute Rate After Allowance	Text Messages	Plan Includes
PLAN A (Starter Plan)	400 minutes	\$39.99	\$0.45	\$0.20 (for received and sent)	<ul style="list-style-type: none"> • Unlimited Night & Weekend Minutes • Voice Mail • Caller ID
PLAN B (Student Plan)	500 minutes	\$49.99	\$0.40	\$0.20 (for received and sent)	
PLAN C (Deluxe Plan)	650 minutes	\$59.99	\$0.35	\$0.20 (for received and sent)	

Student Questions

PART 1

1. Excluding calls to your family, you estimate about 30 minutes of talk time each day during daytime hours (that is, before your free nights/weekends take effect). Complete the calculations below using each of the three plans.

PLAN A	Cost
Monthly access fee	
Over-limit charge	
a. _____ minutes per day x 20 weekdays/month = _____ (minutes talked)	
b. _____ (minutes talked) – _____ minutes allowed = _____ (extra minutes)	
c. _____ (extra minutes) x \$.45/minute = _____ (over-limit charge)	
Total Cost	

PLAN B	Cost
Monthly access fee	
Over-limit charge	
a. _____ minutes per day x 20 weekdays/month = _____ (minutes talked)	
b. _____ (minutes talked) – _____ minutes allowed = _____ (extra minutes)	
c. _____ (extra minutes) x \$.40/minute = _____ (over-limit charge)	
Total	

PLAN C	Cost
Monthly access fee	
Over-limit charge	
a. _____ minutes per day x 20 weekdays/month = _____ (minutes talked)	
b. _____ (minutes talked) – _____ minutes allowed = _____ (extra minutes) <i>Since the minutes talked was less than the minutes allowed, no extra minutes were used.</i>	
c. _____ (extra minutes) x \$.35/minute = _____ (over-limit charge)	
Total Cost	

2. Based on your answers to question 1, which plan are you better off choosing? Explain.

Student Questions

PART 2

3. How much will you have to pay to activate your line the first month?
(See “activation fee.”)

4. Name at least two other fees you’ll pay each month.

5. You like the Ring Ring plans because they offer unlimited night and weekend calls.
What time do free calls begin in the evening?

Monday–Friday evening _____

6. Imagine you choose Plan B, which offers 500 free minutes. In September, you only use 475 minutes. What happens to your unused minutes?

7. When you get to school, you find that you don’t get very good reception from your dorm room. You decide to drop Ring Ring altogether. You signed up for a year-long contract. How much might you have to pay to cancel (terminate) your contract early?

8. Since you’re new to town, you might need to call information (411) often to find local numbers. How much will each call cost you?

9. You carefully plan the calls you make (or OUTGOING calls) so you don’t go over your minutes. But what about calls that other people make TO you, or INCOMING calls)? Will those take up your minutes as well?

Cell Phone Service Contract

Below is the contract for Ring Ring wireless phone service. Read it carefully and answer the questions in part 2 of **Student Handbook pages 146–147, Student Questions.**

Important Calling Plan Information

All minutes (free minutes, calls to other Ring Ring customers, free night & weekend minutes) are for use from within the Ring Ring Coverage Area.

- Unlimited Domestic Long Distance. (Airtime applies.)
- No domestic roaming charges. (Coverage not available in all areas.)
- Unlimited Night & Weekend Minutes:
Night Hrs: (M–F) 9:01 p.m.–5:59 a.m.
Wknd Hrs: 12:00 a.m. Sat.–11:59 p.m. Sun.

Calling Other Ring Ring Customers

You can talk with any of our customers anytime from within the United States and Puerto Rico coverage areas.

Information (411) Calls

\$1.49 per call plus airtime.

Minimum Term, Activation, and Early Termination Fees

- One- or two-year minimum term required per line.
- Activation Fee: \$35/line.
- Early Termination Fee: Up to \$175 per line.

Taxes, Surcharges, and Fees

- Tolls, taxes, surcharges, and other fees vary by market (and as of July 1, 2007, add between 4% and 34% to your monthly bill) and are in addition to your monthly access fees and airtime charges.
- Monthly Federal Universal Service Charge (varies quarterly based on FCC rate) is 11.3%.
- Monthly Regulatory Charge (subject to change) is 4¢ per line.
- Monthly Administrative Charge (subject to change) is 70¢ per line.
- The Federal Universal Service, Regulatory and Administrative Charges are Ring Ring charges, not taxes.

Other Important Information:

Rates do not apply to credit card or operator-assisted calls, which may be required in certain areas. Usage rounded up to next full minute. Unused allowance minutes lost. Charges start when you first press **SEND** or the call connects to a network on outgoing calls, and when the call connects to a network (which may be before it rings) on incoming calls. Time may end several seconds after you press **END** or the call otherwise disconnects. For calls made on our network, we only bill for calls that connect (which includes calls answered by machines). Calls to 'toll-free' numbers are toll-free; you will be billed airtime. Billing for airtime and related charges may sometimes be delayed. Delayed airtime will be applied against the included airtime for the month when you actually made or received the call, even though such charges may show up on a later bill. This may result in charges higher than you'd expect in the later month.

Wrap Up: Your First Phone Bill

After comparing the different Ring Ring plans, you decided to go with Plan B, the Student Plan. You decided you just HAD to have that orange phone, and the plan (\$49.99) was within the monthly budget your parents offered to pay. However, you're in for a surprise when the bill arrives at the end of the first month. To begin, you went over your allowance of minutes, talking for 575 minutes. You also sent and received 17 text messages, and called information four times. And since this was the first month, there was an activation fee of \$35.00. To top it off, there were \$14.50 of monthly service charges.

1. What was the total cost?

Basic rate:	
Extra minutes x Cost per minute: _____ minutes x _____/minute = _____	
Text messages x Cost per message: _____ text messages x _____/message = _____	
Information calls x Cost per call: _____ calls x _____/call = _____	
Activation fee	
Service charges & fees:	
Total cost:	

2. Was Student Plan B the best plan for you considering your cell phone use this month? Why or why not?
