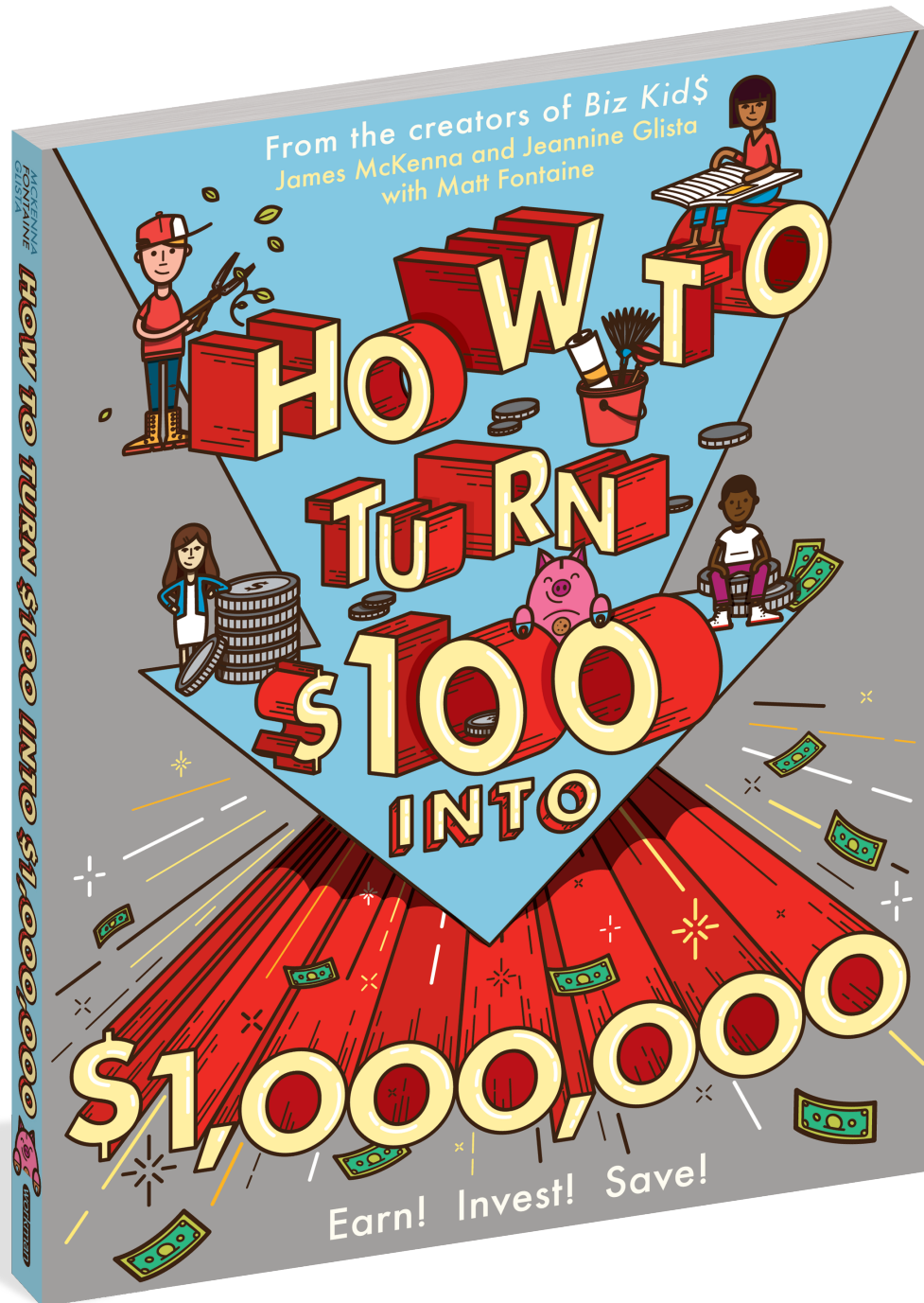


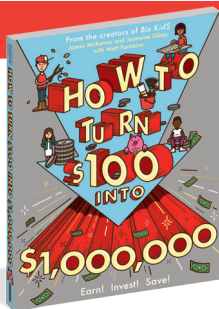
EDUCATOR GUIDE FOR



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Created by Daria Plumb

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From the creators of *Biz Kid\$* and *Bill Nye the Science Guy*

A comprehensive first guide to earning,
saving, and investing money

BOOKTALK:

From the creators of *Biz Kid\$* and *Bill Nye the Science Guy*, here is a comprehensive guide for kids to the basics of earning, saving, spending, and investing money.

Written in a humorous but informative voice that engages young readers, it's the book that every parent who wants to raise financially savvy and unspoiled children should buy for their kids. It is packed with lively illustrations to make difficult concepts easy to understand—all as a way of building financial literacy, good decision-making, and the appreciation of a hard-earned dollar.

ABOUT THE AUTHORS:

James McKenna and Jeannine Glista, along with Erren Gottlieb and Jamie Hammond, are co-creators of *Biz Kid\$*, a national financial education initiative based on the Emmy Award-winning, nationally syndicated public TV series of the same name. James, Erren, and Jamie all live and save their money in Seattle, WA. Jeannine lives and saves her money in Nevada City, CA.

Matt Fontaine is a writer who lives, and saves his money, on Vashon Island, WA. You can find him at thinksmartmouth.com.

The *Biz Kid\$* series has been seen by more than 15 million people worldwide since its premiere in 2008. It is broadcast worldwide and accessible through numerous outlets. The series is co-created and co-executive-produced by the creators of *Bill Nye the Science Guy*. It has also been approved as a financial education recommended resource in 16 states. *Biz Kid\$* is complemented by a resource-rich website with free lesson plans, online games, and community activities at bizkids.com.



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NATIONAL STANDARDS CORRELATIONS

Aligned to the 2015 edition of the National Standards in K-12 Personal Finance Education,
published by the Jump\$tart Coalition for Personal Financial Literacy®

SPENDING AND SAVING

- Standard 1** Develop a plan for spending and saving.
- Standard 2** Develop a system for keeping and using financial records.
- Standard 4** Apply consumer skills to spending and saving decisions.

CREDIT AND DEBT

- Standard 1** Analyze the costs and benefits of various types of credit.
- Standard 3** Apply strategies to avoid or correct debt management problems.

EMPLOYMENT AND INCOME

- Standard 1** Explore job and career options.
- Standard 2** Compare sources of personal income and compensation.

INVESTING

- Standard 1** Explain how investing may build wealth and help meet financial goals.
- Standard 2** Evaluate investment alternatives.

FINANCIAL DECISION MAKING

- Standard 1** Recognize the responsibilities associated with personal financial decisions.
- Standard 2** Use reliable resources when making financial decisions.
- Standard 4** Make criterion-based financial decisions by systematically considering alternatives and consequences.
- Standard 5** Apply communication strategies when discussing financial issues.
- Standard 7** Control personal information.
- Standard 8** Use a personal financial plan.

Aligned to Common Core State Standards' College and
Career Readiness Anchor Standards for Reading

CCSS.ELA-LITERACY.CCRA.R.1

Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

CCSS.ELA-LITERACY.CCRA.R.2

Determine central ideas or themes of a text to analyze their development; summarize the key supporting details and ideas.

CCSS.ELA-LITERACY.CCRA.R.4

Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

CCSS.ELA-LITERACY.CCRA.R.5

Analyze the structure of texts including how specific sentences, paragraphs, and larger portions of the text (e.g., a section, chapter, scene, or stanza) relate to each other and the whole.

CCSS.ELA-LITERACY.CCRA.R.7

Integrate and evaluate content in diverse media and formats, including visually and quantitatively, as well as in words.

Introduction and Chapter 1:

WHY \$1 MILLION? THINK LIKE A MILLIONAIRE

KEY TERMS

- DEBT
- FINANCIAL FREEDOM
- LOAN
- GREAT DEPRESSION OF THE 1930s
- GREAT RECESSION OF 2008
- MILLION-DOLLAR MIND-SET (MDM)
- WALL STREET

PREVIEW QUESTIONS

Before you read the Introduction, lead your students in a brief discussion of the following questions:

- **Seriously consider what you could or would do with a million dollars.** Is your first thought to spend it? What about saving or investing some of it? Is there a donation you might make, for example, to an animal rescue group or other good cause that you believe in?
- **Have a class discussion and encourage students to share their ideas.**

CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialogue using key terms from this chapter.
- Have students create a class Dictionary of Financial Terms.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

Mathematics

Imagine that the class has received \$500 to allocate among four categories: spend, save, donate, and invest. What percentage would you place into each category and why? After students have argued their case, have the class vote to reach a majority decision.

History/Social Studies

Research the Great Depression of the 1930s and the Great Recession of 2008 to find the causes and effects of each. Create a Venn diagram showing the similarities and differences between the two. What makes a recession different from a depression?

Chapters 2–3:

SET FINANCIAL GOALS MAKE A BUDGET

KEY TERMS

- LONG-TERM GOALS (over 10 years)
- MEDIUM-TERM GOALS (1 to 10 years)
- MOGUL
- SHORT-TERM GOALS (now to 1 year)
- BUDGET
- EMERGENCY FUND
- EXPENSES
- INCOME

PREVIEW QUESTIONS

Before you read Chapters 2 and 3, lead your students in a brief discussion of the following questions:

- What does being “financially literate” mean to you?
- Have you ever set goals?
- What items are on your personal budget?
- What does the word budget mean to you?
- Do you know the difference between fixed, periodic, and variable expenses in a budget?

Student Activity—Matching Key Terms

Directions: Let's review some of the key terms from the first few chapters of the book. Use the Introduction, Chapters 1–3, and the Glossary to match each key term to its correct definition.

- ____ is the amount of money you receive over a period of time as payment for work, goods, services, or investments.
- A ____ goal is a plan ranging over at least 10 years.
- ____ is the amount of money you owe to others.
- A plan of action to be completed in more than one year and fewer than 10 years is called a ____ goal.
- The amount of money spent in order to buy or do something is called ____.
- A plan specifying how resources, such as time or money, will be allocated or spent during a particular period is a ____.
- A ____ is an amount of money given to somebody on the condition that it will be paid back later.
- An immediate plan of action is called a ____ goal.

Student Activity—Manage Your Money

Directions: In these chapters, you learned how money works and how to manage it. Now it's your turn. Your budget is \$300 per month, and you have to put some money into each of these three categories: Save, Spend, and Donate.

1. **Save:** How much money will you save out of the \$300? What is your long-term savings goal? How long will it take you to reach that goal if you save the same amount each month and do not spend it?
2. **Spend:** How much money will you spend out of the \$300? Make a list of everything that you would buy.
3. **Donate:** How much of the \$300 will you donate? What individuals or organizations will you donate this money to?

Student Activity—Budget Brochure

Directions: You are going to create an informational brochure for other students to teach them the value of budgeting. Read the directions below, then create your brochure on a blank piece of paper. Remember to use clear writing to get the message across, and that colors can be eye-catching too.

1. Start with a blank piece of paper, size 8.5" x 11", and fold it to look like a greeting card.
2. On the front cover, create a picture or drawing that will interest your readers in the topic of budgeting.

3. On the inside of the front cover, answer the question “What is budgeting?”
4. On the inside of the back cover, list four benefits of budgeting that would be important to other students.
5. On the back cover, include helpful hints to help students budget their money.
6. Discuss these ideas and share your brochure with the class.
7. Post your brochures in classrooms, the library, and on school bulletin boards to help share this information with other students at school.

CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialogue using key terms from this chapter.
- Have students create a class Dictionary of Financial Terms.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

History/Social Studies

In colonial times, it was very important not to overspend. Using the Internet or a local library, research the history of debtors’ prison in colonial Virginia in the United States. When was it constructed? When was imprisonment of debtors as a method of punishment stopped? What happens today if you cannot pay your bills?

Mathematics

Your budget for the month is \$3,000. First, subtract your fixed expenses: Your rent is \$1,600, car payment is \$250, utilities are \$160, and cell phone bill is \$200. Next, subtract your variable expenses: This month you are budgeting \$60 per week for gasoline for the car, and there are 4 weeks in this month. How much money is left over for food, entertainment, and other expenses? Take that amount, and divide it by 4 weeks. How much do you have for these things each week? Is that going to be enough? What expenses could be reduced in the future, and how?

Economics

- The U.S. government has a “debt” that it has not paid. Using the Internet, take a look at the website U.S. Debt Clock, which tracks the federal debt as well as other statistics (<http://www.usdebtclock.org/about.html>).
- In the United States, when we spend more than we have in our account, instead of a fee or penalty, we have a “deficit” in our national budget. Using the Internet or a local library, find out what the current balance is of the United States’ national deficit. What suggestions would you have for the government to help it stay within its budget?

Chapters 4–5:

FIVE WAYS TO GET MONEY GET A JOB

KEY TERMS

- BOND
- BORROWER
- CREDIT
- INHERITANCE
- INTEREST
- LENDER
- SAVINGS ACCOUNT
- STOCK
- WINDFALL
- BE PERSISTENT
- CAREER
- DIRECT DEPOSIT
- INTERNSHIP
- JOB
- JOB INTERVIEW
- REFERENCE
- RÉSUMÉ
- STATE LABOR LAWS

PREVIEW QUESTIONS

Before you read Chapters 4 and 5, lead your students in a brief discussion of the following questions:

- **What are some ways you get money?**
- **How does your family handle giving you money?** Do you get an allowance, gift money for holidays, have a job, or do you have to ask for spending money?
- **Do you do chores to earn money, or are you expected to do chores as part of helping your family?**
- **How do you use your allowance or gift money?**
- **Do you save some of your money?**
- **How can you have your money make more money?**
- **How many of you have already held a job for pay or have served in a volunteer position?**
What skills helped you perform your duties?
- **What are some characteristics that a good employee would exhibit?**
- **Do you think an individual employee's behavior affects the success of a company?**
Why or why not?

Student Activity—Matching Key Terms

Directions: Let's review some of the key terms from Chapters 4 and 5. Use Chapter 4 and the Glossary to match each key term to its correct definition.

- A small fee that a borrower pays a lender is called ____.

- A ____ is a bank account that earns interest on money deposited.
- Receiving a significant, unexpected large amount of money at one time is a ____.
- A person who gets money for a period of time knowing that it must be returned is a ____.
- An ____ is when a relative or some other person leaves property, titles, debts, etc., to you in a will.
- A ____ is a person or institution that offers money with the understanding that it will be returned.
- A meeting during which a job applicant is asked questions is called a ____.
- When your paycheck is electronically transferred into your bank account, it is called ____.
- A ____ is a written description of your work experience and education.
- A statement concerning your character or qualifications from someone you know or have worked for is a ____.
- Rules in each state that protect the rights and duties of workers and employees are ____.
- A ____ is an activity, such as a trade or profession, that somebody does regularly for pay.
- A ____ is a job or occupation regarded as a long-term or lifelong activity.
- One method of on-the-job training is known as an ____.

Student Activity—Résumé and Jobs

Directions: Fill in the information below to help you compose your own résumé.

Even though you may be seeking your first job, remember that everyone has skills, talents, and interests. It is not uncommon to make changes to or tweak your résumé to fit each type of job you apply for.

- **Your name**
- **Your email address**
- **Your phone number with area code**
- **Objective**
- **Skills** (List skills or things you are good at here, as well as training you have had that qualifies you for the position.)
- **Experience** (List things like volunteering, scouts, church, babysitting, or jobs that qualify you for the position.)
- **References** (List the name plus the contact phone number and/or email address of three adults you have asked to be your references. These should be people who know your strengths but are not relatives, such as a teacher, scout leader, etc.)
- **Extra Credit:** Identify online and printed sources of information about jobs, careers, and entrepreneurship. Compare your personal skills and interests to various career options.

CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialogue using key terms from this chapter.
- Have students create a class Dictionary of Financial Terms.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

History/Social Studies

When did the practice of giving children an allowance begin in the United States? What was the original purpose of giving an allowance to children? Has it been successful?

Lending and borrowing money has been around for a long time. In one famous cartoon, a character called Wimpy was always saying “For a hamburger today, I will gladly pay you Tuesday.” Can you think of other examples from television or movies of characters who are always borrowing money? Are these characters portrayed as negative, positive, or neutral? How does our modern society view debt—is it all the same, or do we prefer some types of debt over others?

- Pretend that you live in the 1800s. Write a résumé as if you live back then—what kinds of skills would you need for jobs in the 1800s?
- Study what kind of companies make up the economy of your region. Determine what industries might hire teens. Are there any intern, after-school, or summer work training programs or government-funded programs that you can apply for? What kind of service agency might hire teens to mentor younger students or work for it? (How about school or community recreation or camp programs?)
- What kind of jobs could you do where you work for yourself? (e.g., yard work, sales, babysitting)

Mathematics

Jennifer gets an allowance of \$10 per week. She is going to split that evenly among saving, sharing, investing, and spending. How much will she set aside for each category? Now think about your own allowance. If you split it evenly among these four categories, how much will you set aside for each category?

Create a chart to compare the annual percentage rate interest among a payday loan, a credit card debt, and a bank loan. What conclusions can you draw from this chart?

Economics

In the United States, the consumer market for teens is very important. Using the Internet or your local library, find out how many teens live in your city. If 5% of those teens use their allowance to buy your product at \$1 profit per person, how much profit would you make? How many teens live in your state? How many live in the United States?

- Describe how economic conditions can affect income and career potential.
- Identify ways workers can improve their ability to earn income.
- Invite several employers from the local community to share information with students and respond in a question-and-answer session.
- Have students write out questions ahead of time. Have a follow-up discussion as to the value of the presentation, and have students write thank-you notes to the guest speakers.

Chapters 6–7:

START A BUSINESS SAVE, SAVE, SAVE

KEY TERMS

- BUSINESS PLAN
- CROWD FUNDING
- IRS (INTERNAL REVENUE SERVICE)
- MARKETING
- NEED
- PRODUCT
- PROFIT
- PROFIT POTENTIAL
- SERIAL ENTREPRENEURS
- SERVICE
- TARGET MARKET
- WANT
- BANK
- CREDIT UNION
- CUSTODIAL ACCOUNT
- INTEREST-EARNING SAVINGS ACCOUNT
- PAY YOURSELF FIRST (PYF)
- RECORD
- SAVINGS ACCOUNT

PREVIEW QUESTIONS

Before you read Chapters 6 and 7, lead your students in a brief discussion of the following questions:

- **Have you thought about starting your own business?**
- **What do you love to do and are willing to work hard for?**
- **How would you go about starting a business?** When you think of a bank, what words and ideas come to mind?
- **How many of you already have an account at a bank or credit union?**
- **What was your purpose in opening the account?**
- **How much money do you think it takes to open a bank account?** Are you aware that there are different types of banks? When you know more about what banks can offer, you can make the right choice for yourself or your business.

Student Activity—Matching Key Terms

Directions: Let's review some of the key terms from Chapters 6 and 7. Use Chapters 6, 7, and the Glossary to match each key term to its correct definition.

- A material sold as finished goods or a commodity is also called a ____.
- The government agency known as the ____ is in charge of collecting taxes.
- What you have left after subtracting your expenses from your revenues is called ____.
- A ____ is a set of actions performed to benefit your customers.
- Something that is necessary to live a healthy life is a ____.
- A ____ sets out the future strategy and financial development of a business.
- The specific customers that a company wants to sell its products or services to is its ____.
- Something that would be nice to have but that you could literally live without is a ____.
- Communicating the value of a product or a service to your customers is called ____.
- A cooperative savings association that offers financial services to its members at reduced interest rates is a ____.
- ____ means that you put money into your savings account before you start paying bills, spending it, or giving it away.
- An account managed by somebody other than the person who benefits from it is called a ____.
- A ____ is a business that keeps money for individual people or companies, exchanges currencies, makes loans, and offers other financial services.
- When you have an ____, the bank pays you a small percentage of your balance for keeping your money in its institution.

Student Activity—My Business Plan

Directions: In this chapter you learned about the importance of making a business plan. Use the worksheet below to create your own business plan.

- **Business Plan By:** (your name)
- **Product/Service:** My product or service is . . .
- **Customer:** My target customer can be described as someone who is . . .
- **Marketing:** My customer will learn about my product from . . .

Student Activity—Elevator Pitch

Directions: You need to be ready at any time to explain your business to a potential investor. Entrepreneurs have to be able to “pitch” or explain their ideas to investors quickly and effectively. Writing an “elevator pitch” is a great way to do that. Imagine you are in an office building and an investor walks into the elevator with you. You would need a 30-second speech that effectively and dynamically explains your idea and why it will be successful.

Write your elevator pitch on a separate sheet of paper.

Student Activity—The Matrix

Directions: You are working on your budget. You need a way to decide which items are the most important and which are less important. Use the matrix below to help determine your priorities. Something you *need* is an item that is absolutely essential. Something you *want* is an item that is nice to have but is not absolutely essential. Something *urgent* is an item you need to have now and time is running out. Something *not urgent* is an item that you can wait for.

- **Things that are urgent and that you need are the items that should be put into your budget first.**
- **Next, you will need to decide if there are any needs that are not urgent but should be included in your budget.**
- **Third, consider your urgent “want” items—do you have room for those in your budget?**
- **Finally, look at your wants that are not urgent and see if you can afford them.**

Put these items into the budget matrix:

- | | | |
|--------------------|------------------------------|------------------------|
| 1. Food to eat | 5. A new video game | 9. Donation to charity |
| 2. Clothes to wear | 6. A place to sleep tonight | 10. Movie tickets |
| 3. A new music CD | 7. 10% savings of your money | 11. A bicycle |
| 4. A cell phone | 8. Shoes to wear | 12. A soccer ball |

	NEED	WANT
URGENT		
NOT URGENT		

Student Activity—Savings Advantage

Read the following paragraphs out loud together in class.

If you put your cash in a retail bank or credit union, you are lending the bank your money. Some accounts pay interest for the use of your money. The higher the interest on savings and the longer you leave the money in the account, the more the bank pays you. Also, if you keep your money in a retail bank, it is insured by the FDIC (Federal Deposit Insurance Corporation); it is insured by the NCUA (National Credit Union Administration) at a credit union.

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

The first account many people open is a savings account, which can be used by all ages. It is the most basic account offered by banks today. It offers interest on the account, but access to funds may be limited, and a minimum amount may be required to open or maintain the account. Savings accounts are insured by the FDIC for up to \$250,000.

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

Using the worksheet below, calculate how much money can be earned over time. Original deposit = \$10.

	Starting Balance	Interest Rate per Year	Interest Earned	Balance at the End of the Year
First Year	\$10	4%	\$0.40	\$10.40
Second Year	\$10.40	4%	\$0.42	\$10.42
Third Year				
Fourth Year				
Fifth Year				

1. If you change the interest rate in the table to 6%, how much money will you have at the end of 5 years?

	Starting Balance	Interest Rate per Year	Interest Earned	Balance at the End of the Year
First Year	\$10	6%		
Second Year				
Third Year				
Fourth Year				
Fifth Year				

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

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

3. Discuss, as a class, why having to wait a bit to have access to the money you've deposited in your savings account is a good thing. What would be a disadvantage?
4. What types of banks are in your local community? Are they all part of a large group of well-known banks?
5. Name at least three skills that would be useful to have if you are considering a career in banking. How would having those skills be an advantage?

Extra Credit

Interview someone who works at a local bank or credit union. Ask them how they got started in their career, what skills they find most useful, and if they provide internships for young people to learn about a banking career. Write a report for class using the information you gather. Write a thank-you note to the people who spoke with you.

CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialogue using key terms from this chapter.
- Have students create a class Dictionary of Financial Terms.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

History/Social Studies

When was the first credit union opened in the U.S.? What is the purpose of a student-run credit union, and how is it different from other credit unions?

Mathematics

Banks make money and contribute to our economy by lending money to others. The amount that they can lend is determined by the Federal Reserve. If the amount a bank is allowed to lend out is 90% of the money it receives, and you give your bank \$100, then the bank can lend out \$90. If that \$90 is deposited into another bank, then the second bank in line can lend out 90% of the \$90 it received, or \$81. So, if you deposit \$100 into your bank and everyone who receives a loan deposits it into a bank that then lends out 90% of the money, how much money can be lent to others as a result of your original \$100 deposit?

Economics

- Draw a diagram illustrating the role that banks and other financial institutions play among savers, borrowers, and investors.
- Explain the difference between saving money and earning interest versus borrowing money and paying interest.

Chapters 8–9:

THE POWER OF COMPOUND INTEREST INVESTING

KEY TERMS

- COMPOUND INTEREST
- PORTFOLIO
- PRINCIPAL
- SIMPLE INTEREST
- THE RULE OF 72
- BROKER
- BROKERAGE ACCOUNT
- BULL AND BEAR MARKET
- BUY LOW AND SELL HIGH
- COMMISSION
- CUSTODIAL ACCOUNT
- DIVERSIFICATION
- DIVIDENDS
- ECONOMIC DOWNTURN
- EXCHANGE
- INDEX
- INDEX FUND
- INVESTING
- IPO (INITIAL PUBLIC OFFERING)
- LISTED
- MONEY MARKET ACCOUNT
- MUTUAL FUND
- PROSPECTUS
- PUBLIC COMPANY vs. PRIVATE COMPANY
- QUARTERLY EARNINGS REPORT
- RISK AND REWARD
- STOCK SPLIT
- TAKE A PROFIT
- TAKE THE LOSS
- UNDERVALUED
- VALUE INVESTING

PREVIEW QUESTIONS

Before you read Chapters 8 and 9, lead your students in a brief discussion of the following questions:

- Have you wondered how the stock market works?
- What are some products you love and would like to support while making a profit?
- Would you like your money to work for you so that you can earn a million dollars?

Student Activity—Matching Key Terms

Directions: Let's review some of the key terms from Chapters 8 and 9. Use Chapters 8, 9, and the Glossary to match each key term to its correct definition.

- The money you start with or the money you have in the account is called the ____.
- A simple method for determining how long it will take for an investment to double in value at a specific rate of interest is ____.

- Interest earned on your interest is called ____.
- A ____ is a group of investments (stocks, bonds, real estate, etc.).
- ____ is a quick way to calculate the cost of interest only on the principal of the loan.
- An ____ is where the trading of commodities, securities, or other assets takes place.
- Off-setting the chance of something going bad with the hope something will be very good is called ____.
- When you invest in stocks believed to be worth far more than their current prices, it is called ____.
- A ____ is a period of generally rising prices, while a ____ is a general decline in the stock market over a period of time.
- ____ are the stockholders' share of profit, either in cash or more shares.
- ____ refers to balancing how much of a product or service a seller can offer versus how much of that product or service is desired by buyers.
- Reducing your risk by having a variety of investments is called ____.
- ____ is putting money into a business, project, property, etc., with the plan of making more money.
- A ____ is a specially licensed person who trades stocks on the exchanges for other people.

MATHEMATICS

Student Activity—Is It Worth It?

Directions: Even if a debt is a “good debt”—something that could give you more earning power in the long run—you still need to decide if it is worth the cost. Fill in the blanks and answer the questions below about debts.

1. A high school graduate earns \$9 per hour. A junior college graduate earns \$11 per hour but has to pay back \$3,500 in debt and loses 2 years of work. A college graduate earns \$13 per hour but has to pay back \$7,000 in debt and loses 4 years of work. (Assume a work schedule of 40 hours per week for 52 weeks per year.) How much have they earned:

	High School Graduate	Junior College Graduate	College Graduate
After 1 year?	\$18,720 earned	owe \$1,750	owe \$1,750
After 2 years?		owe \$3,500	owe \$3,500
After 3 years?		owe \$22,880 minus \$3,500	owe \$5,250
After 4 years?			owe \$7,000
After 5 years?			owe \$27,040 minus \$7,000
After 10 years?			
After 15 years?			
After 20 years?			

Is this “good debt” of student loans worth it? Why or why not? What are the risks? What are the benefits?

2. A bakery earns \$1 per cookie that it sells. It can make 100 cookies per day with one oven that it already owns. If the bakery wants to expand, it needs a business loan of \$3,000 to buy a second oven. Assume that the bakery will be able to sell all of the cookies if it expands to two ovens. How long will it take to pay off the loan and start earning profit from the second oven?

Is this “good debt” of a business loan worth it? Why or why not? What are the risks? What are the benefits?

Student Activity—Do You Invest?

Directions: In this chapter, you learned about investing. Answer the questions below about investing.

1. Do you have a savings account? Do you have a special goal for your savings?
2. To invest your money is to put it to use in a way that has the potential to grow in value. Is a savings account an investment? Why or why not?
3. A mutual fund is a pool of investments that you can buy a portion of. What is one benefit and one drawback of having a pool of different investments all together?
4. A share of stock is a small portion of ownership of a specific company. What is one benefit and one drawback of buying a share of just one company at a time?
5. If you had to choose between investing in one share of a mutual fund or in one share of stock, which would you select and why?

Student Activity—What’s the Risk?

Directions: Risk is part of investing. Many investments have very low risk, but some investments have a higher risk of losing your money. Everyone has their own comfort level with risk, so there are no right or wrong answers. For the investments below, decide if you consider them to be low risk or high risk and explain why.

Example: Savings account at a credit union or bank: *Low Risk. This is low risk because a savings account at a bank or credit union is insured by FDIC or NCUA.*

1. Buying one share of stock online:
2. Buying a certificate of deposit (CD) at a credit union or bank:
3. Opening a money market account at a credit union or bank:
4. Buying a bond at a credit union or bank:
5. Buying an apartment building to rent out apartments:
6. Buying solid gold coins:
7. Buying a piece of fine art:

Student Activity—Stock Market Research

Directions: Using the Internet or your local library, look up information about the following companies.

- **The Coca-Cola Company**

What is the company's stock ticker symbol?

How much does it cost to buy one share of stock in this company?

Does this company pay a dividend?

What products does this company sell?

Do you think this is a good investment? Why or why not?

Who is this company's biggest competitor?

- **Apple Inc.**

What is the company's stock ticker symbol?

How much does it cost to buy one share of stock in this company?

Does this company pay a dividend?

What products does this company sell?

Do you think this is a good investment? Why or why not?

Who is this company's biggest competitor?

- **Ford Motor Company**

What is the company's stock ticker symbol?

How much does it cost to buy one share of stock in this company?

Does this company pay a dividend?

What products does this company sell?

Do you think this is a good investment? Why or why not?

Who is this company's biggest competitor?

Student Activity—Buy Low, Sell High

Directions: In Chapter 9 you learned that it is important to have a strategy for your stock purchases. Answer the questions below about buying stocks.

1. What does it mean when someone says their strategy is “buy low, sell high”?
2. The range of prices for today from opening to closing for one share of Sony (SNE) stock was from \$17.12 to \$17.33. Did today's stock price for SNE close low or high? If you wanted to trade SNE stock tomorrow morning, would you buy or sell? Why?
3. This year, the Sony (SNE) stock has had a price range for one share from \$13.75 to \$23.38. If you know that the price today is \$17.12, is that low or high? Why?

4. If you bought 1 share of stock in Sony (SNE) for \$13.75 earlier this year, and you sell it tomorrow for \$17.12, how much money will you make?
5. If you take the amount of money you make for selling 1 share and divide it by the amount of money you spent on that one share, you get what's called your "return on investment" (ROI). If you make \$4 on a sale of one share of stock that you bought for \$16, what's your ROI?
6. Seven to ten percent ROI is a good return. Is the return on investment in problem #4 above good? Why?

Student Activity—Who Is Your Mentor?

Directions: Different investors have different strategies. Here's a chance to find a mentor who has a strategy that works for you. Circle the letter that best fits your style for each question.

1. When I go shopping, I

- A) look for a really good bargain—something of good quality that is on sale or has a coupon.
- B) buy the products that I am most familiar with, because I understand them and know what I'm getting.
- C) prefer to shop at a small store instead of a large retail chain.

2. Before going shopping, I like to

- A) do my own research—really find out where the best deals are going to be and go there.
- B) ask my friends what they think is good.
- C) browse around for newer, smaller stores to see what's out there.

3. The products that fit me best are

- A) simple and predictable.
- B) familiar and understandable.
- C) new and growing.

If you mostly answered . . .

A: Your mentor is Warren Buffet. Shopping for Value is his strategy, and he looks for companies that are worth more than their stock price is currently indicating.

B: Your mentor is Peter Lynch. Invest in What You Know is his strategy, and he likes to buy companies that he understands.

C: Your mentor is Ralph Wanger. Small Company Investing is his strategy, and he likes to invest in small companies.

CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialogue using key terms from this chapter.
- Have students create a class Dictionary of Financial Terms.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

History/Social Studies

Have students use the Internet or a local library to learn about the New York Stock Exchange (NYSE). What year was it founded? How many companies participate today? What is the address for the NYSE?

Mathematics

- Austin creates a budget allocating \$60 per month for crystal unicorn figurines, because they make him happy. If Austin took half of that money and put it into a savings account instead, how much would he have in his savings account at the end of one year if the interest rate on the savings account is 3% annually? (Hint: Remember to calculate the compound interest!)
- You are going to invest in certificates of deposit (CDs) for one year. There are several banks and credit unions to choose from. One is offering a \$100 CD at 4% annual interest. Another offers a \$50 CD at 4.2% annual interest. You have \$150 to invest. What is the best combination of investments you can make, and how much will you earn in one year?
- If one share of stock sells for \$10 today and the value increases by 5% each year, how long will it take for the value of the stock to double?

Economics

There are stock markets all over the world. Pick a country outside of the United States and find out more about its stock market. What is the name of its stock market? How many companies participate in it? How many shares of stock are traded in that market? What is the value of its stock market (you may have to convert to U.S. dollars in order to compare market values between the U.S. and other countries)?

Chapter 10 and Conclusion:

HOW NOT TO BECOME A MILLIONAIRE GET GOING!

KEY TERMS

- ACCOUNT STATEMENT
- BANKRUPT
- FRAUD
- PONZI SCHEME
- RETIREMENT
- SOCIAL SECURITY

PREVIEW QUESTIONS

Before you read Chapters 10 and the Conclusion, lead your students in a brief discussion of the following questions:

- Do you have or want a credit card?
- Is there such a thing as “good debt,” and if so, what is it?
- Are you interested in saving yourself thousands of dollars in interest payments, as well as unnecessary stress?

workman