



FINANCIAL LITERACY PAYS OFF

With nearly 20 percent of Americans living beyond their means, education about personal finance is critical. Research indicates that teaching finance to students yields greater money-management skills that carry well into adulthood.

AMERICAN SPENDING HABITS



1 OUT OF 5 AMERICANS lives beyond his or her means



HALF OF AMERICANS do not maintain a budget

Monday:

What can the government do to influence the next generation to have better money management skills?

Personal Finance Literacy

Unit 8

Unit 8 Essential Question: What is your plan for being financially stable in your future? Explain your process on creating your plan. Support your detailed plan with at least 3 strategies that you will use.

Unit 8.1 Essential Question: Explain how the decisions that you make impact your financial stability.

- Community College
- College
- University
- Associate's Degree
- Bachelor's Degree
- Master's Degree
- Doctoral Degree
- Peace Corps
- Ameri Corps
- Senior Corps



FINANCIAL LITERACY PAYS OFF

With nearly 20 percent of Americans living beyond their means, education about personal finance is critical. Research indicates that teaching finance to students yields greater money-management skills that carry well into adulthood.

AMERICAN SPENDING HABITS



1 OUT OF 5 AMERICANS lives beyond his or her means

Billions of Dollars



HALF OF AMERICANS do not maintain a budget

YOUTH SPENDING

TEENS spent more than \$75 BILLION in 2011



35% of HIGH SCHOOL SENIORS use credit cards

One in nine PEOPLE ages 18-24 uses more than 40% of his or her income to pay off debt



FINANCIAL LITERACY CAN HELP!

HIGH SCHOOL STUDENTS who received personal financial education are able to:

MANAGE THEIR MONEY BETTER because they



have fewer maxed out credit cards

have higher savings

do more comparison shopping

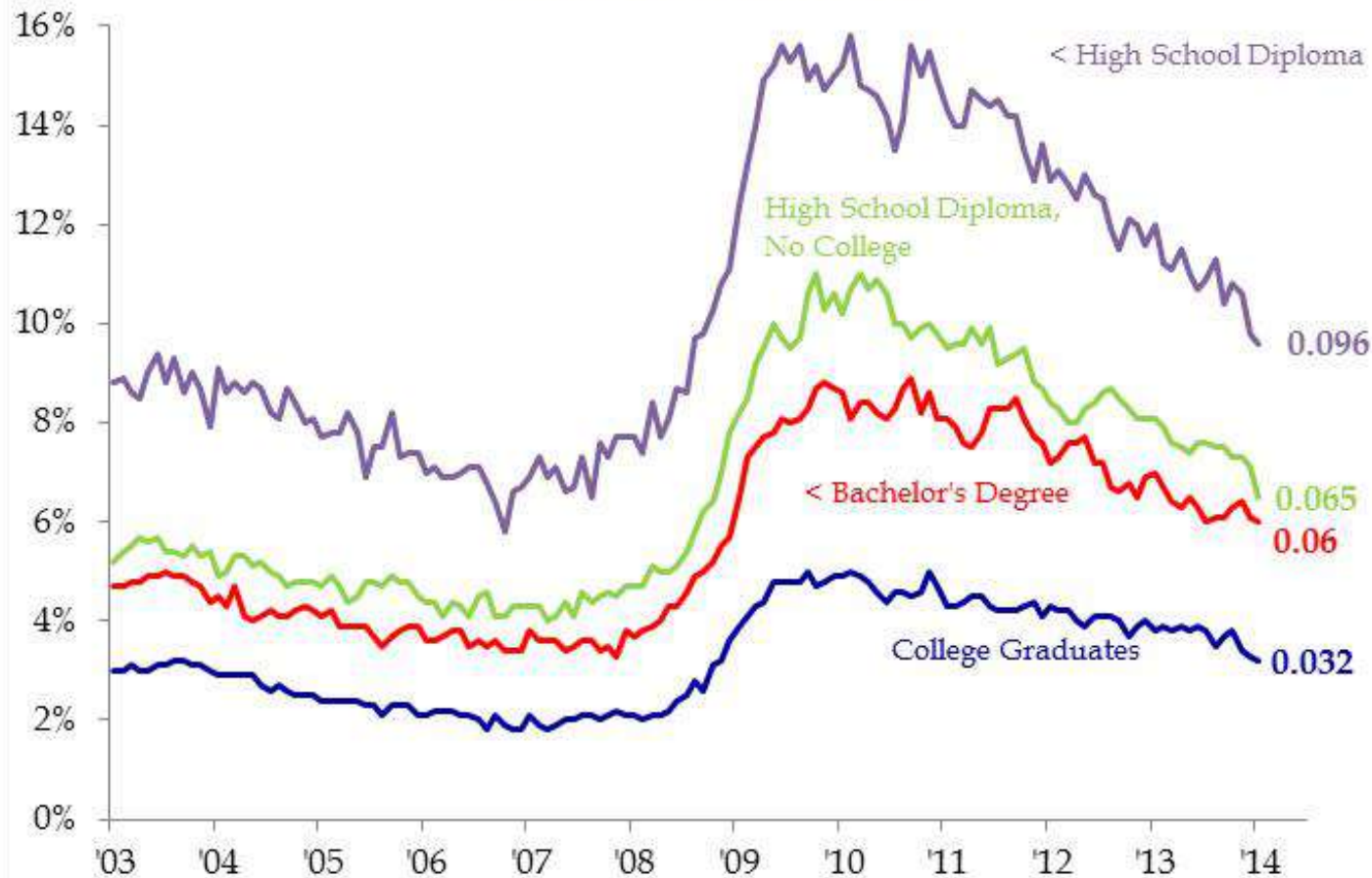
pay debts on time

BETWEEN AGES 30-49, achieve significantly higher savings and net worth



SOURCES: Federal Reserve Board, Survey of Consumer Finances 2007 • Bernheim, Garrett, & Maki 1997 • National Foundation for Credit Counseling's Consumer Financial Literacy Survey 2011 • Teen Research Unlimited (TRU) 2012 • JumpStart Coalition Survey of High School Seniors and College Students 2008 • Demos & Young Invincibles, The State of Young America 2011 • Gutter, Copur, & Garrison 2010 • Danes, Huddleston-Casas, & Boyce 1999 • Varcoe, Martin, Devitto, & Go 2005.

U.S. Unemployment Rate by Education (25 Years and Over, SA)



THE COST OF DROPPING OUT

TO YOUR **SELF**

1 IN 4 STUDENTS



BECOMES A **DROPOUT**

AVERAGE ANNUAL
INCOME

\$17,299



\$32,266



ONE HALF OF
DEATH ROW
INMATES
ARE DROUPOUTS

RIP

RIP

RIP

RIP

RIP

RIP



A STUDENT
DROPS OUT

EMPLOYMENT RATE OF
DROPOUTS

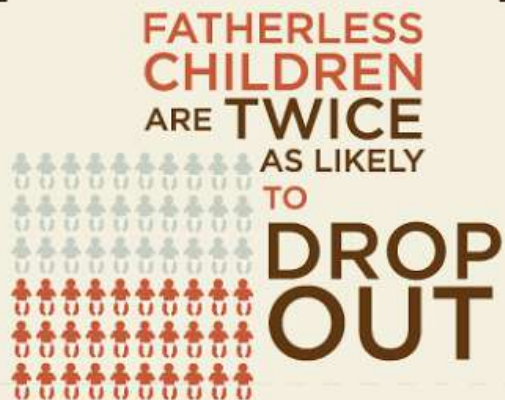


45%

TO YOUR **FAMILY**



HALF OF ALL PARENTS ON
WELFARE ARE DROPOUTS



TO AMERICA

75% OF
STATE PRISON
INMATES
ARE
HIGH SCHOOL
DROPOUTS



ANNUAL PUBLIC
SPENDING ON
INCARCERATION
AND WELFARE
FOR DROPOUTS

\$24
BILLION

\$42
BILLION

THE US WOULD
SAVE ON HEALTH
CARE IF EACH
DROUPT
FINISHED 1 MORE
YEAR OF SCHOOL

-\$5,191

LIFETIME EFFECT ON
GOVERNMENT
COFFERS

+\$287,384



DROUPT



GRAD

Sources:

<http://www.all4ed.org/files/archive/publications/HighCost.pdf>

http://www.cims.neu.edu/publication/documents/The_Consequences_of_Dropping_Out_of_High_School.pdf

<http://www.thenotebook.org/fall-2005/0564/cost-dropping-out>

https://docs.google.com/viewer?url=http://www.aypf.org/publications/WhateverItTakes/WIT_ninesecods.pdf

https://docs.google.com/viewer?url=http://www.cims.neu.edu/publication/documents/The_Consequences_of_Dropping_Out_of_High_School.pdf

http://www.betterhighschools.org/docs/nhsc_dropoutfactsheet.pdf

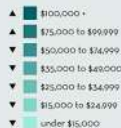
Rule #1:

You have to earn money!

Money is earned.

GETTING THE MOST FROM THE JOB MARKET

Percent of Distribution By Income



\$44,410

THE AVERAGE YEARLY
SALARY IN 2010

Top Ten Lowest Paying Jobs

1. **\$18,540**
Cooks, fast food
2. **\$18,610**
Food preparation
3. **\$18,680**
Dishwashers
4. **\$19,140**
Shampooers, hair
5. **\$19,280**
Counter attendants
*baggage, food services,
and other retail*
6. **\$19,600**
Hosts and hostesses
7. **\$19,750**
Amusement and
recreation attendants
8. **\$19,810**
Cashiers
9. **\$20,040**
Farmworkers
*and laborers, crop, nursery,
and greenhouse*
10. **\$20,290**
Ushers, lobby attendants,
and ticket takers

TOP TEN* HIGHEST PAYING JOBS

Ranking by Average Yearly Salary	Average Years of College
1 { Surgeon \$225,390	●●●●●●●●●●
2 { Anesthesiologist \$220,100	●●●●●●●●●●
3 { Chief Executive Officer \$173,350	●●●●●●●●●●
4 { Dentist \$158,770	●●●●●●●●●●
5 { Lawyer \$129,440	●●●●●●●●●●
6 { Natural Science Manager \$129,320	●●●●●●●●●●
7 { Petroleum Engineer \$127,970	●●●●●●●●●●
8 { Architectural and Engineering Manager \$125,900	●●●●●●●●●●
9 { Computer and Information Systems Manager \$123,280	●●●●●●●●●●
10 { Marketing Manager \$122,720	●●●●●●●●●●

\$73.86
THE AVERAGE HOURLY
WAGE OF THE TOP 10

\$9.32
THE AVERAGE HOURLY
WAGE OF THE LOWEST 10

\$7.25
THE FEDERAL
MINIMUM WAGE

*Since 9 out of 10 of the highest paying jobs are in the medical field, we modified the list to avoid monotony. Here's the unmodified list:

- | | |
|---|---|
| 1 \$225,390
Surgeons | 9 \$189,480
Internists, general |
| 2 \$220,100
Anesthesiologists | 10 \$180,870
Physicians and surgeons, all other |
| 3 \$214,120
Oral and maxillofacial surgeons | 11 \$173,860
Family and general practitioners |
| 4 \$210,340
Obstetricians and gynecologists | 12 \$173,350
Chief executives |
| 5 \$200,290
Orthodontists | 13 \$167,610
Psychiatrists |

Median Salary by Education



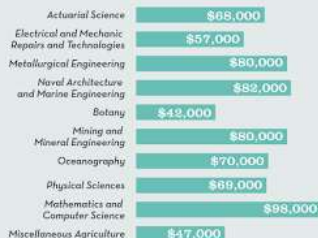
Earnings for the Top 10 Most Popular Majors



Top Ten Majors with Highest Median Earnings

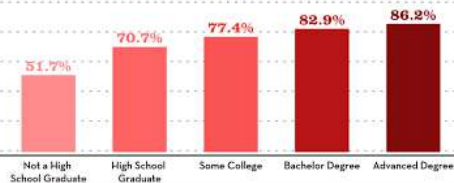
- 1 Petroleum Engineering \$120,000
- 2 Pharmacy Pharmaceutical Sciences and Administration \$105,000
- 3 Mathematics and Computer Science \$98,000
- 4 Aerospace Engineering \$87,000
- 5 Chemical Engineering \$86,000
- 6 Electrical Engineering \$85,000
- 7 Naval Architecture and Marine Engineering \$82,000
- 8 Mechanical Engineering \$50,000
- 9 Metallurgical Engineering \$80,000
- 10 Mining and Mineral Engineering \$80,000

Earnings for the Top 10 Least Popular Majors



28% ▶ 34%
HOW MUCH THE U.S. LABOR FORCE HAS GROWN SINCE 1992

Percentage of Employment by Education



Top 10 Majors with Highest Employment Rate

COST OF COLLEGE

2010-2011
SCHOOL YEAR

PUBLIC 2-YEAR

Tuition & Fees \$2,713

PUBLIC 4-YEAR IN-STATE

Tuition & Fees \$7,625
Room & Board \$8,535
Total \$16,160

PUBLIC 4-YEAR OUT-OF-STATE

Tuition & Fees \$19,595
Room & Board \$8,535
Total \$28,130

PRIVATE NONPROFIT 4-YEAR

Tuition & Fees \$7,295
Room & Board \$9,700
Total \$36,995

PUBLIC DOCTORAL IN-STATE

Tuition & Fees \$8,503
Room & Board \$8,998
Total \$17,501

PUBLIC MASTER'S IN-STATE

Tuition & Fees \$6,588
Room & Board \$7,822
Total \$14,410

PUBLIC BACHELOR'S IN-STATE

Tuition & Fees \$6,224
Room & Board \$7,935
Total \$14,159

PRIVATE DOCTORAL

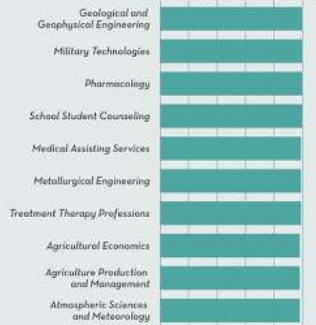
Tuition & Fees \$33,679
Room & Board \$11,306
Total \$44,985

PRIVATE MASTER'S

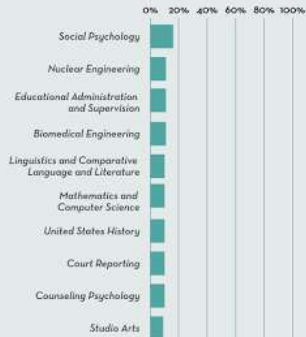
Tuition & Fees \$24,438
Room & Board \$9,284
Total \$33,722

PRIVATE BACHELOR'S

Tuition & Fees \$24,555
Room & Board \$8,846
Total \$33,401



Top 10 Majors with Highest Unemployment Rate



Is School Worth the Cost?

**BACHELOR'S DEGREE
PUBLIC 4-YEAR IN-STATE**
Tuition & Fees \$1,665 x 4
+ Room & Board \$8,535 x 4
=Total \$64,560

**MASTER'S DEGREE
PUBLIC, IN-STATE**
Tuition & Fees \$6,588 x 3
+ Room & Board \$11,822 x 3
=Total \$45,230

The cost to become a Lawyer

\$107,790

VS

\$38,939

The low end starting salary for a Lawyer

SOURCES

<http://www.collegeboard.com>
<http://www.ed.gov>
<http://www.bls.gov>
<http://www.payscale.com>
<http://www.obizmedia.com>
 Created by Chris Deiss

INFOGRAPHIC BROUGHT TO YOU BY
MASTER-DEGREE-ONLINE.COM
CREATED BY OBIZMEDIA.COM

Expectations of the Working World Class of 2015

Getting ready for
the workforce



80% 
believe their education prepared them well

77% 
expect their first employer to provide
formal training

72% 
completed an internship, apprenticeship
or co-op

Finding that first
job after graduation



82% 
considered job availability before
selecting a major

64% 
will use a mobile app to search or apply
for a job

85% 
expect to earn more than \$25,000 a year


Realities of the Working World 2013 and 2014 Grads

64% 
felt their education prepared them well

53% 
received training from their first employer

47% 
found a job as a result of an internship,
apprenticeship or co-op

64% 
are working in their chosen field

36% 
used a mobile app to search or apply for
a job

41% 
earn \$25,000 or less a year

To access the full report please visit www.accenture.com/collegegradresearch

Source

Accenture conducted an online U.S. survey of 1,001 students graduating from college in 2015, and 1,002 participants who graduated college in 2013 or 2014. Survey conducted in March, 2015. Note: Data has been rounded to the nearest whole number.

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What are your options after high school?

Further your education:

- **Community college:** Associate's, broad learning offered
- **College:** Bachelor's +, focused learning offered
- **University:** Bachelor's +, broad learning offered

What are some examples of all 3?

What are the differences between the types of degrees?

- **Associate's Degree**: 2 years, person exemplifies base knowledge of a subject often with licensure
- **Bachelor's Degree**: 4 year degree, person exemplifies a deeper understanding of an art / science
- **Master's Degree**: 6 year degree, person exemplifies a mastery of the art / science
- **Doctoral Degree**: 8+ year degree, leader in the art / science and gives person the ability to teach other professionals in the art / science

What about licensures?

What are your options after high school?

Enter the workforce

What are some examples of these kinds of jobs?

What are your options after high school?

Join the military:

- Army
- Navy
- Air Force
- Marine Corps
- Coast Guard
- National Guard

What are the Reserves?

What are your options after high school?

Volunteer:

- **Peace Corps:** gov't pays you to travel to other parts of the world to serve the underprivileged (promote peace with other countries)
- **Ameri Corps:** gov't pays you to travel across the country to serve the underprivileged
- **Senior Corps:** senior citizens (55+) offer guidance and companionship to teens or older adults in need

School Acceptance Doc

https://docs.google.com/spreadsheets/d/1Cl-1xGfidgv9Et45kEw_HU8bY3H4iNsybJlrM4R0n8M/edit#gid=0

Essential Question: Explain how the decisions that you make impact your financial stability.

Exit Ticket: [Unit 8.1 Exit Ticket Turn in Box](#)

1. From the perspective of your future self (15 years in the future), write a letter to your current self. Tell yourself about what kind of life you are living and the decisions you have made to make your life better. Give yourself advice on things that you wish you had known or had done. Be creative and positive in this activity!

Tuesday: Tommy is going to interview for a job as a TV news anchor. Which of the following is not a fact about Tommy's job.

- a. He will need to wear a suit to the interview
- b. It is a career
- c. He will make a salary
- d. He will need a doctoral degree

Unit 8.2 Essential Question: Which job option do you prefer, a job or a career? Why?

- Entrepreneurship
- Wages
- Salary
- Job
- Career

How do you get a job

1. Dress Nice
2. Get an application (or do one online)
3. Get an interview

How important is your social security number?

What's it called when you own your own business?

Entrepreneurship

What are some local small businesses that are owned by entrepreneurs?

Remember: it may not always be only what you know, but also who you know!

What are the differences between wages and salary?

Wages - earned by hour

Salary - earned by year

Which would you rather have?

What are the differences between a job and a career?

Job: employment simply to earn money, not a long term commitment

Career: long term commitment, usually requiring formal education / training / licensure

Which would you rather have?

Essential Question: Which job option do you prefer, a job or a career? Why?

Exit Ticket:

1. Job application
2. College Application
3. College Application Personal Statement: Tell me of a time that you have had to overcome adversity. How has this event impacted or affected your life? Describe the life lessons and changes that you have made as a result of adversity. - Complete on a separate sheet of paper - 1 page minimum, 2 page maximum.

Wednesday: Which of the following is NOT a need that Tommy must spend his money on each month?

- a. Rent
- b. Utilities
- c. Insurance
- d. Netflix

Unit 8.3 Essential Question: Why is the creation of a budget a key step in becoming fiscally responsible?

- Monthly expenses
- Fixed Costs
- Variable Costs
- Expenditures
- Revenue
- Personal Income
- Disposable Personal Income
- Progressive Tax
- Medicare
- Social Security

What are going to be my **monthly expenses**?

- Rent / Mortgage (What's the difference?)
- Utilities
- Cable
- Phone
- Car payment
- Groceries
- Medicine
- Insurance
- Savings
- Gas
- Childcare
- Child Support

Which of my costs will be **fixed costs**? (the same amount for every payment)

- Rent / Mortgage
- Car Payment
- Phone
- Cable

Can you think of any more?

Which of my costs will be **variable costs**? (amount changes from payment to payment)

- Clothing
- Electricity
- Water
- Gasoline

How can you plan for this? Answer: **BUDGET!**

How do I create a budget?

- **Expenditures** must be less than your **revenue**
 - Expenditures < revenue
 - Money you spend < money you earn

What happens if there is left over money? Answer: **SAVE IT!**

What is my income?

Personal Income - Total amount of money earned (gross income)

Disposable Personal Income - Money earned minus taxes (net income)

Which one is what you will actually have at the end of the day?

2014 U.S. Income Tax Brackets

How much will I pay in taxes?

It depends on your tax bracket.

Progressive tax - the more you make, the more you pay

	Single	Married filing jointly	Married filing separately	Head of household
10%	Up to \$9,075	Up to \$18,150	Up to \$9,075	Up to \$12,950
15%	\$9,076 to \$36,900	\$18,151 to \$73,800	\$9,076 to \$36,900	\$12,951 to \$49,400
25%	\$36,901 to \$89,350	\$73,801 to \$148,850	\$36,901 to \$74,425	\$49,401 to \$127,550
28%	\$89,351 to \$186,350	\$148,851 to \$226,850	\$74,426 to \$113,425	\$127,551 to \$206,600
33%	\$186,351 to \$405,100	\$226,851 to \$405,100	\$113,426 to \$202,550	\$206,601 to \$405,100
35%	\$405,101 to \$406,750	\$405,101 to \$457,600	\$202,551 to \$228,800	\$405,101 to \$432,200
39.6%	\$406,751 and up	\$457,601 and up	\$228,801 and up	\$432,201 and up

What kinds of taxes will I pay?

- Federal
- State
- Local
- Payroll
 - **Medicare** - part of your income taken to pay for your gov't healthcare when you're elderly / disabled
 - **Social Security** - part of your income taken to pay for gov't's retirement / disability plan for you

What happens if social security fails before we get old?

Essential Question: Why is the creation of a budget a key step in becoming fiscally responsible?

Exit Ticket:

1. College Application
2. College Application Personal Statement: Tell me of a time that you have had to overcome adversity. How has this event impacted or affected your life? Describe the life lessons and changes that you have made as a result of adversity. - Complete on a separate sheet of paper - 1 page minimum, 2 page maximum.

Thursday: After attending Pitt Community College for two years, Steve transferred to ECU to finish which of the following degrees after two more years of study?

- A. Associate's
- B. Bachelor's
- C. Master's
- D. Doctoral

Essential Question: Why is the creation of a budget a key step in becoming fiscally responsible?

Exit Ticket: [“My Budget” Worksheet Turn in Box](#)

1. Complete the [“My Budget” Worksheet](#)
2. Finish College Application
3. Complete Unit 8.1 Activity: From the perspective of your future self (15 years in the future), write a letter to your current self. Tell yourself about what kind of life you are living and the decisions you have made to make your life better. Give yourself advice on things that you wish you had known or had done. Be creative and positive in this activity! -

[Unit 8.1 Exit Ticket Turn in Box](#)



Friday: Which of the following credit scores would get a home buyer the best interest rate?

- a. 624
- b. 539
- c. 782
- d. 133

Unit 8.4 Essential Question: Why is it important to have a good credit score?

- Automated Transactions
- Debit Card
- Credit Card
- APR
- Rewards Program
- Minimum Payments
- Credit Union
- Bad Debt
- Good Debt
- Credit Score
- Bankruptcy
- Foreclosures

How can I pay for things?

1. Cash
2. Checks
3. **Automated Transactions** - online banking
 - a. **Debit Card** - withdraw from your account immediately
 - b. **Credit Card** - credit card company loans you the money and bills you for it later (pay on time, or pay later with interest)

What do you believe is the most common way to pay today?

When getting a credit card, consider the following:

- **APR (Annual Percentage Rate)** - you want a low APR to avoid paying a lot of interest
- **Rewards Programs** - some companies offer incentives for using your card (cash back)
- **Minimum Payments** - how much will you need to budget to pay off your cards each month?

Tip: Pay more than the minimum payments to pay your cards off faster!

How does a bank work?



What about **credit unions**?

You must be a member to join, but you get better deals.

What are some examples of credit unions?

How do you write a check?

- If you write a check, but do not have enough money in your account to pay for that check, then the check “bounces” - this hurts your credit score

2400

_____ 19 _____ 91-548/1221

PAY TO THE ORDER OF _____ \$

_____ **DOLLARS**

FOR _____

⑆ 1 221052781 ⑆ 6724301068 ⑆ 2400 ⑆

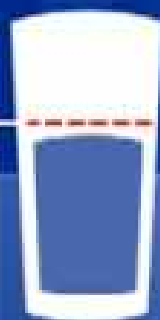
Routing Number

Account Number

Check Number

After 2 months, your total debt
has gone down to **\$9,857.**

Original
Debt



Is debt good or bad?

- **Bad Debt:**
 - Car
 - Credit Card
 - Gambling
 - & everything else you can't make money on
- **Good Debt:**
 - Student loans
 - Home mortgage

What is the difference?

How should you manage your debt?

- How long will it take to pay it off?
- What is the APR?
- How much are your payments?

What kind of percentage interest rate do you want when paying off your debts? Low or high?

What do you mean by “Credit”?

- Credit to your account (how much \$ you have)
- Credit Card: \$ loaned to you by credit card company
- **Credit Score**: a score representing your creditworthiness based on your ability to repay a loan

How can you check your credit score?

How can you build your credit score?

Credit Scores Factors



Payment history	35%
Amounts owed	30%
Lengths of credit history	15%
New credit	10%
Types of credit used	10%

What happens when you can't pay off your debts?

Bankruptcy: owing more money than you can repay - you lose your valuable belongings

Foreclosures: owing more money than you can repay on your mortgage - you lose your house

How will these impact your credit score?

How do you start building credit?

- Open small credit accounts
- Take out loans
- Pay off debts
- Make payments on debts or on your monthly payments

Why is a budget one of the most important things you can do to help yourself?

Essential Question: Why is it important to have a good credit score?

Exit Ticket:

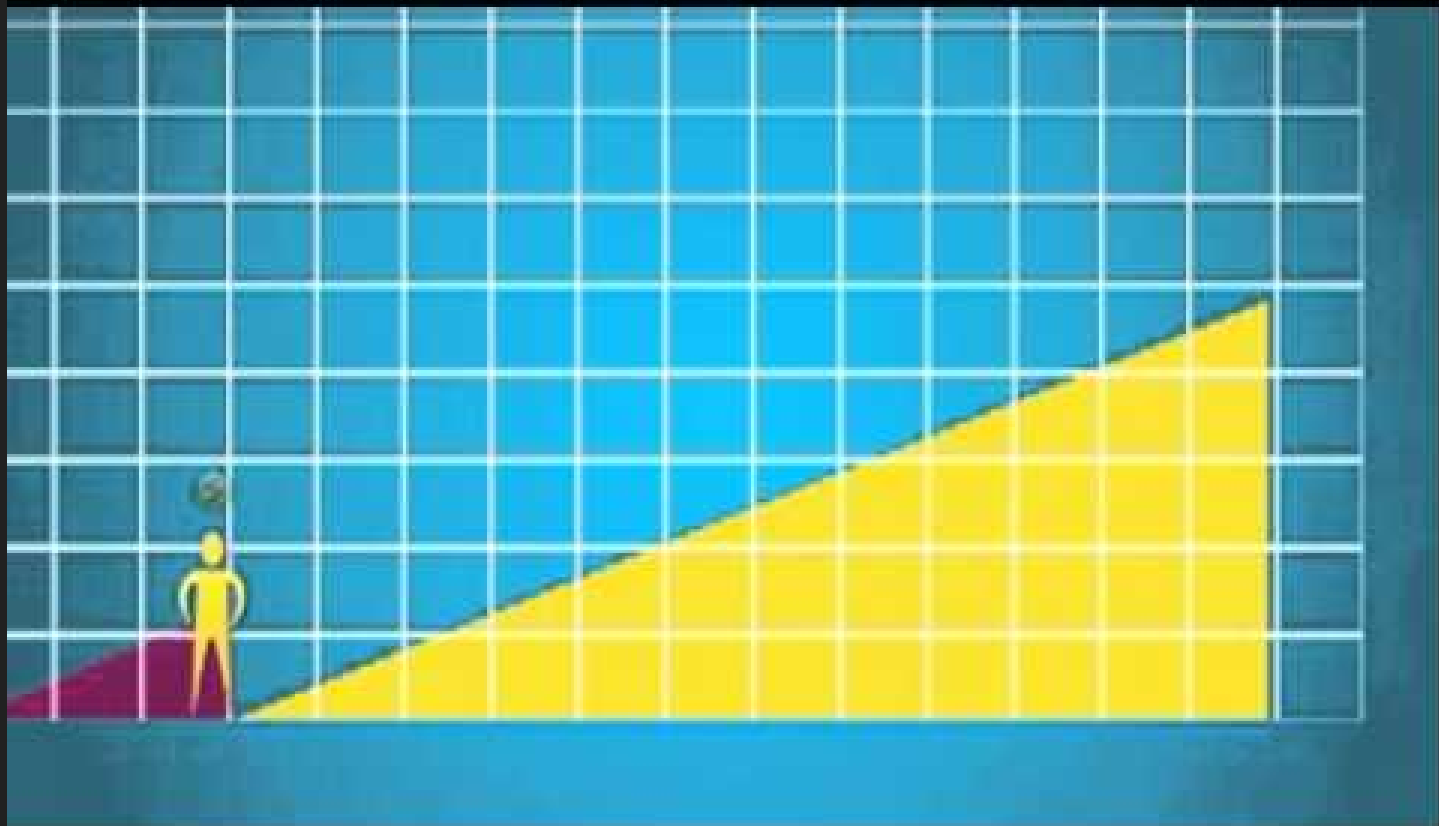
1. Work on First paragraph for the essay using [Constructed Response Paragraph Rubric.](#)
2. [Student Survey](#)

Monday: Why is education an example of 'good debt'?

- a. An education will cause you to spend a lot of money
- b. An education will help you gain money in the future
- c. An education will hurt you in the long run
- d. All education is free

Unit 8.5 Essential Question: Why is it more important to start saving money now than later?

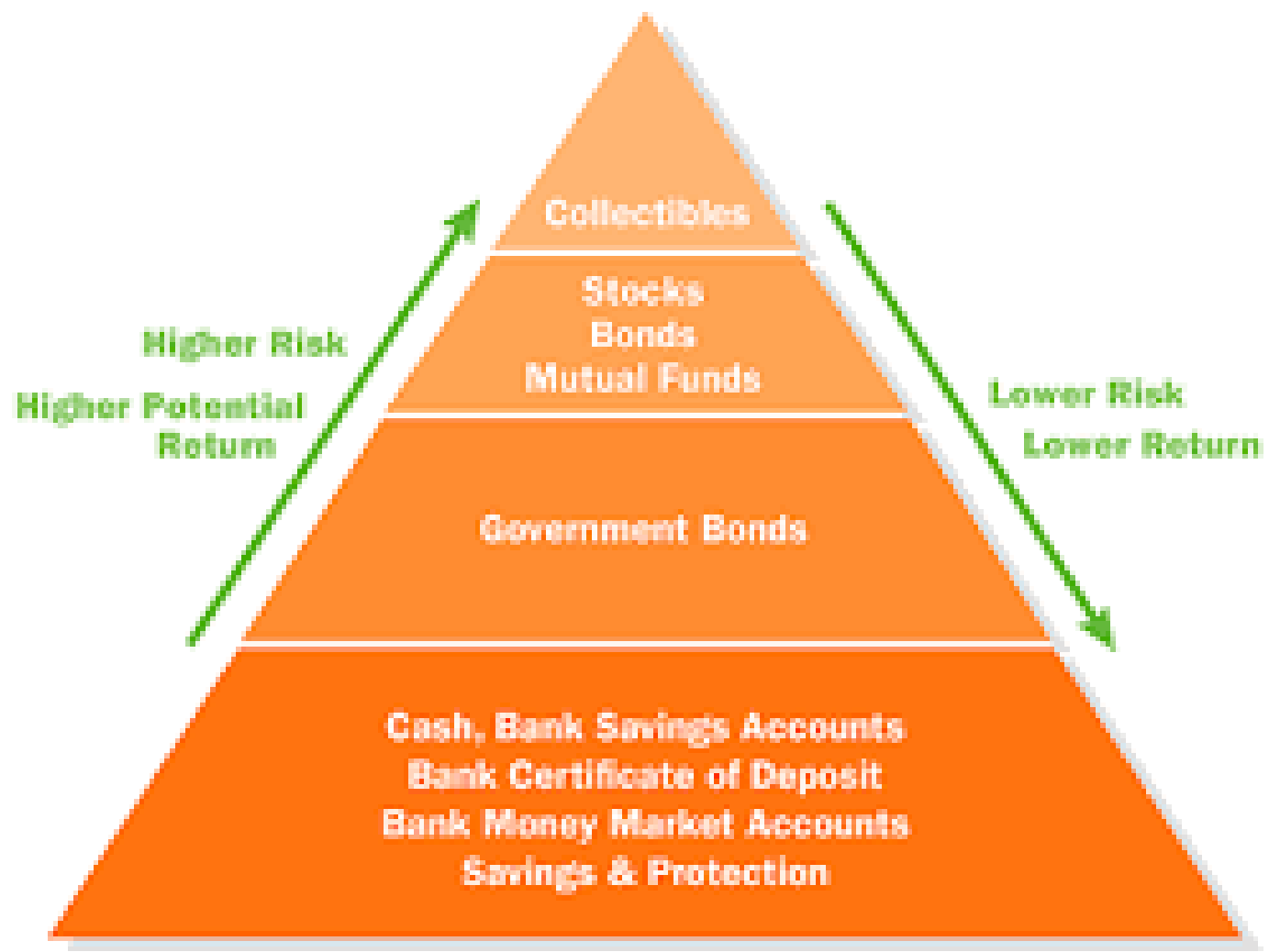
- Savings accounts
- Returns
- Insurance
- Premium
- Copay
- Deductible
- Identity Theft



How can I save money?

- Savings accounts
- Certificates of deposit
- Money Market accounts
- Savings Bonds
- Stocks
- Mutual Funds

Which of these are safer bets?



What does the pyramid mean by “returns”

You invest \$\$, and in return, earn interest

Remember APR? What kind of interest might you want when SAVING / INVESTING money? High or low?

Stock Market 101



How can you protect your investments?

Insurance: an insurance company provides a guarantee of compensation for a specified loss, damage, illness, or death in return for payment of a premium

Premium: the amount you pay upfront for insurance services

Copay: the amount you pay when you visit the doctor, pay for medicine, etc.

Deductible: the amount you pay out of pocket before the insurance company pays

What are some important insurances to have?

What kinds of insurances are there?

- **Medical insurance**: protects against risks of medical expenses
- **Life insurance**: protects loved ones from costs assumed after your death
- **Liability insurance**: protects individuals / businesses from claims caused by injury to people / property
- Auto Insurance
- Homeowner's Insurance
- Renter's Insurance
- Travel
- Disability
- Natural Disaster

What are the different types of fraud to be aware of?

- **Identity Theft**
- Fraudulent solicitations and businesses
- Online scams
- Ponzi schemes
- Investment fraud

How can you be a victim of identity theft?



How can I protect myself from fraud?

- Always read the fine print
- Make sure you agree with terms and conditions
- Join the “do not call” list
- Don't disclose personal information
- Watch out for hidden fees

When do you give out your social security number?

If you have been a victim of fraud, what can you do?

- File a claim
- Report to Better Business Bureau (BBB)
- Alert the news
- Contact NC Attorney General or NC Secretary of State

What might the news do to help?

Essential Question: Why is it more important to start saving money now than later?

Exit Ticket:

1. Unit 8 Review
2. Work on First paragraph for the essay using Constructed Response Paragraph Rubric.

Tuesday: Why do companies agree to sell stocks?

- a. They pay less in taxes
- b. They make interest
- c. They get money to use for whatever they wish
- d. They don't

Essential Question (Essay): What is your plan for being financially stable in your future? Explain your process on creating your plan. Support your detailed plan with at least 3 strategies that you will use.

1. Unit 8 Notebook Check
2. Unit 8 Quiz
3. Unit 8 Review
4. Unit 8 Graphic Organizer