

Civics
Unit 8: Financial Literacy

Time Frame: Approximately four weeks



Unit Description

This unit focuses on applying economic principles in making sound, personal financial decisions.

Student Understandings

Students understand the relationship between high levels of skills and education with higher wages and benefits. Students demonstrate how to manage household finances by developing personal financial goals, creating a family budget to achieve those goals, and managing a checking and savings account. Students differentiate between the various financial institutions and services while determining which will best help them achieve their financial goals. Students understand the benefits and risks associated with credit including the role credit scores play in the lending process.

Guiding Questions

1. Can students explain the relationship between educational attainment and earnings?
2. Can students describe the benefits of a family budget?
3. Can students evaluate the types of financial services institutions provide to individuals?
4. Can students analyze the benefits and risks to obtaining credit?
5. Can students use real-world financial data to make informed personal financial decisions?
6. Can students explain the importance of credit scores to individuals and to a financial institution?

Unit 8 Grade-Level Expectations (GLEs) and ELA Common Core State Standards (CCSS)

Grade-Level Expectations	
GLE #	GLE Text
Fundamentals of Economics	
C.6.1	Explain the basic problem of scarcity and how it drives economic decision making

C.6.4	Apply principles of supply and demand to predict how changes in the market affect prices and incentives for buyers and sellers.
Financial Literacy	
C.8.1	Explain the relationship between education, training, and career options to future earning potential
C.8.2	Create a family budget and explain its importance in achieving personal financial goals and avoiding negative financial consequences
C.8.3	Compare and evaluate types of credit, savings, investment, and insurance services available to the consumer from various institutions
C.8.4	Apply given financial data to real life situations such as reconciling a checking account, reading bank and credit card statements, purchasing major goods, and avoiding consumer fraud
C.8.5	Analyze the benefits and risks of using credit and examine the various uses of credit scores
ELA CCSS for Literacy in History/Social Studies 6-12	
CCSS #	CCSS Text
Reading Standards for Literacy in History/Social Studies 6–12	
RH.9-10.1	Cite specific textual evidence to support analysis of primary and secondary sources, attending to such features as the date and origin of the information.
RH.9-10.2	Determine the central ideas or information of a primary or secondary source; provide an accurate summary of how key events or ideas develop over the course of the text.
RH.9-10.4	Determine the meaning of words and phrases as they are used in a text, including vocabulary describing political, social, or economic aspects of history/social studies
RH.9-10.7	Integrate quantitative or technical analysis (e.g., charts, research data) with qualitative analysis in print or digital text
Writing Standards for Literacy in History/Social Studies, Science, and Technical Subjects 6–12	
WHST.9-10.7	Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.
WHST.9-10.9	Draw evidence from informational texts to support analysis, reflection, and research.
WHST.9-10.10	Write routinely over extended time frames (time for reflection and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences

Sample Activities

Activity 1: Financial Literacy Vocabulary (GLEs: C.8.1, C.8.2, C.8.3, C.8.4, C.8.5; CCSS: RH.9-10.4)

Materials List: copies of Financial Literacy Vocabulary BLM

Distribute copies of the Financial Literacy Vocabulary BLM which is a *vocabulary self-awareness* chart ([view literacy strategy descriptions](#)). Using their prior knowledge, have students self-assess their learning of the terms on the *vocabulary self-awareness* chart. Have students examine the chart placing a plus sign (+) by those terms students know well, a check mark (✓) by those terms with which students are familiar but have some questions, and a minus sign (-) by those terms students have never seen before. Students should attempt to write a definition in their own words and state an example for each term (see BLM and sample below) with which they are familiar.

Word	+	✓	-	Example	Definition
minimum wage		✓		\$5.75 per hour	Lowest legal wage a worker can earn.

Throughout the course of the unit, have students refer to their *vocabulary self-awareness* chart and continue to self-assess their learning making corrections and additions when necessary.

Activity 2: How to make more CA\$H! (GLEs: C.6.1, C.6.4, C.8.1; CCSS: RH.9-10.2, WHST.9-10.7, WHST.9-10.10)

Materials List: copies of Categories of Workers BLM

Display in the classroom the following *SQLP* ([view literacy strategy descriptions](#)) statement:

Workers with four-year degrees from prestigious universities always make more money than workers with only a high school diploma.

Have students work with a partner to create two to three questions they would like answered about the statement. Call on a student from each pair to share one of their questions. Write each question on the board, chart paper, or overhead. If a student shares a question that is already recorded, place a star by that question to emphasize its importance. When all teams have shared their questions, add any additional questions necessary to ensure all points of the lesson are covered. Student questions should include the following topics: types of jobs, factors that affect wages, difference between careers and jobs, benefits, and perks. Instruct students throughout the activity to write down the questions and answers as they are covered in their *learning logs* ([view literacy strategy descriptions](#)).

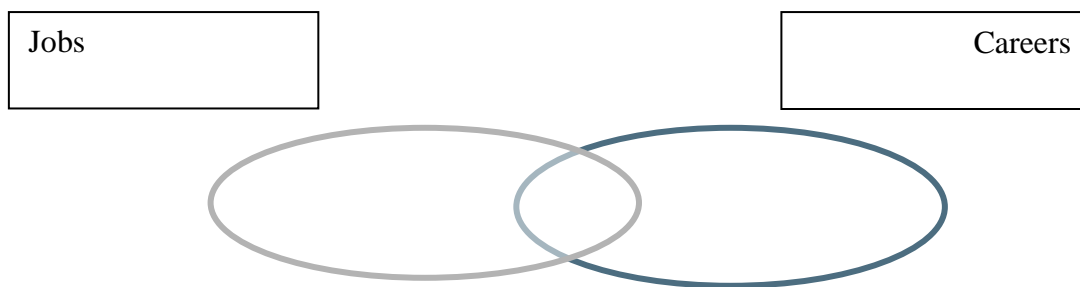
Distribute copies of the Categories of Workers BLM which is a *graphic organizer* ([view literacy strategy descriptions](#)). Using their textbook, primary and secondary sources, or the Internet, have students describe the categories of workers based on the type of skill levels (skilled, semi-skilled, unskilled), level of training or education, and examples of each. (See BLM and sample below.)

Category of Worker	Description	Type(s) of skill level	Level of Training or Education	Example
Blue Collar	<i>Worker engaged in manufacturing jobs that produce goods.</i>	<i>Semi-skilled and unskilled</i>	<i>Vocational or trade school</i>	<i>Carpenter</i>

Call on students randomly to share their responses with the class. Provide appropriate feedback and correct their responses when necessary.

Lead a class discussion on the seven different categories of workers and the impact of skill level and type of job on the wage earning potential of workers. For example, a blue collar worker such as a roofer, compared to a white collar worker such as the manager of a construction company, may have a lower potential to earn a living over the course of his or her career. Instruct students to find a question from the list on the board that deals with categories of workers. Have students record that question and their response in their *learning logs*. Call on students to share their responses with the class. Provide appropriate feedback and correct responses when necessary.

Ask students to distinguish between a job and career. Have students work in pairs to create a Venn diagram, a form of a *graphic organizer*, which can be used to compare and contrast jobs and careers along with their benefits and perks using textbooks, encyclopedias, the Internet, or other classroom resources (see example below).



Call on students to share their responses on the Venn diagram with the class. Provide appropriate feedback and correct responses when necessary. Have students identify a question from the list on the board about jobs and careers as well as benefits and perks. Have students record that question and their response into their *learning logs*. Call on students to share their responses with the class. Provide appropriate feedback and correct their responses when necessary.

Supply and demand play a critical role in determining the amount of income a worker will earn and the benefits the job will offer. In their *learning logs*, have students create a T-chart, which is a form of a *graphic organizer* to track the effects of supply and demand on a worker's wages in relation to the skill of the worker, type of job, and location (see example below).

Effect of Supply on Labor	Effects of Demand on Labor
<i>High supply of labor = too many workers applying the same job → lower wages</i>	<i>High demand of labor = business need more employees → higher wages</i>

Discuss with students the concept of supply and demand in terms of its effects on labor including the effects supply and demand has on wages and salaries.

Have students identify a question from the list on the board about factors affecting wages and salaries. Have students record that question and their response into their *learning logs*. Call on students to share their responses with the class. Provide appropriate feedback and correct responses when necessary.

Students will reassess their *vocabulary self-awareness* charts from Activity 1 and make appropriate changes to their definitions and examples.

Students will analyze the following two scenarios and write a paragraph to explain which worker will likely earn a higher wage/salary and why.

Scenario 1

Timothy just graduated with honors from a prestigious university with a Masters degree in Anthropology. He has been hired by a documentary film maker as a consultant for an upcoming documentary on languages in Asia. Timothy has little work experience other than the library job where he worked during his undergraduate studies.

Scenario 2

Maria just completed a tour of duty in the United States Air Force where she received numerous commendations for excellence as a senior avionics technician. While Maria considered reenlisting, she has accepted a job with a major international airline as head mechanic. Maria has over 15 years of experience in aviation.

Have students work with a partner to read each other's paragraph and conduct a peer edit of the paragraphs. Allow students five to ten minutes to complete their edits. Ask for volunteers to share their paragraphs with the class. Have students indicate whether they agree or disagree with the paragraph's conclusion by thumbs up for agree and thumbs down for disagree. Call on both thumbs up and thumbs down students to explain their reasoning for agreeing or disagreeing. Collect all the paragraphs and display exemplary paragraphs in the classroom.

Discuss the reality that even though Timothy has a very advanced degree and would be classified as a professional, Maria will most probably earn the higher salary. Maria has more work experience in the related field, and her career as an avionics technician is in higher demand than that of a documentary film consultant.

Have students reflect on the following writing prompt in their *learning logs*:

In selecting a career, which of the following is the most important factor to you and why: the amount of money you will make, your passion for the career, or the prestige the career brings you?

Call on students to share their responses with the class. Provide appropriate feedback and correct their responses when necessary.

Activity 3: Financial Goals and Planning (GLEs: C.6.1, C.8.2; CCSS: WHST.9-10.10)

Materials List: chart paper, markers

Ask students to identify the group of people in the United States they think are most likely to experience bankruptcy. Allow several students to respond to the question before explaining that lottery winners are twice as likely to experience bankruptcy as the average American according to “The Ticket to Easy Street? The Financial Consequences of Winning the Lottery” (*The Review of Economics and Statistics*, August, 2011, Vol. 93). Ask students to explain how someone who wins millions of dollars in the lottery may not be able to pay their debts? Many Americans, including lottery winners, struggle with managing their money and making sound financial decisions. Availability of credit cards and low payment loans make going into debt easy but paying it off difficult. Explain that effective financial planning and budgeting are essential tools that prevent bankruptcy and help build a family’s wealth.

Prior to making a budget, the development of financial goals and plans are important steps to becoming financially stable and building wealth. Goals are something to achieve or reach, such as buying a car or owning a home. Explain the difference between short-term, intermediate, and long-term goals.

Divide the class into groups of four and distribute chart paper and markers to each group. Instruct each group to use *text chains* ([view literacy strategy descriptions](#)) to create goal statements. Demonstrate the process by having the groups write this statement on the board or a sheet of chart paper displayed on the wall:

Within the next year, I will buy a new boat, save \$1000 for Christmas, and find a part-time job for the summer.

Ask students to provide statements to complete the sample *text chain* to include short, intermediate, and long-term goals. Have one member of the group start the group’s *text chain* by write the following prompt:

Student 1: Within the next year, I will . . .

Have each member of the group write a portion of the *text chain*, with the fourth member's writing a concluding statement. Have a member of each group read their goal statement aloud and post it on the board or wall. Have students create their own set of personal goals and record them in their *learning logs* ([view literacy strategy descriptions](#)). Ask students to share their goals with the class. Provide appropriate feedback and coach students to reassessing their goals to improve their viability.

Beyond setting goals, creating a plan to achieve those goals is equally important. Explain that a good financial plan can help someone achieve his or her dreams. For example, if a person's goal is to buy a car within the next year, he or she will need to start saving for a down payment, decide on the amount of money to be spent on a car, whether to pay cash or borrow money for the purchase, and whether to buy a new or used car. Point out that anyone purchasing a car needs to think about taxes and car insurance as well. Have students select one of their short-term, intermediate, and long-term goals to develop a plan to achieve each of those three goals. Students should research their goals and create a plan to achieve them. The plans should be similar to the sample below:

Within the next year, I will buy a car, get a part-time job and save \$200.00 each month from my paycheck over the next 12 months. I will purchase a used car at a price, including tax, title, and licenses, of no more than \$2,000 dollars.


Have students share their financial goals and plans with the class and display them in the classroom. Provide appropriate feedback and ask students to clarify and expound upon their goals and plans when necessary.

Have students reassess their *vocabulary self-awareness* ([view literacy strategy descriptions](#)) chart and make appropriate changes to their definitions and examples.

Activity 4: Creating a Budget (GLEs: C.6.1, C.8.2; CCSS: RH.9-10.4, RH.9-10.7, WHST.9-10.7, WHST.9-10.10)

Materials List: index cards, copies of Budgeting Exercise BLM, Family Budget Process Guide BLM, and Budget Scenarios 1 - 4 BLMs

An important step in achieving one's financial goals is maintaining a budget. Explain how budgeting helps track household income and expenses to ensure that money remains to go into savings. Using 3" x 5" index cards and their textbook, encyclopedias, the Internet, or other classroom resources, have students create *vocabulary cards* ([view literacy strategy descriptions](#)) for the following terms: essential, non-essential, fixed, and variable (see sample vocabulary card below).

Definition: <i>Not necessary, not essential</i>	Characteristics: <i>What we could live without</i>
Non-essential	
Example: <i>Luxury goods, jewelry, video games</i>	Illustration 

Call on students to share their *vocabulary cards* with the class. Provide appropriate feedback and correct student responses when necessary. Discuss each term briefly explaining the connection to creating a good budget.

Distribute copies of the Budgeting Exercise BLM and lead a class discussion on the important steps and the process to creating a family budget. Begin by tracking the monthly income by recording all sources of income for the month (e.g., \$25 per week from paper route, \$50 dollar birthday gift from your grandmother). Add all sources of income together to get a total income, remembering that weekly income should be multiplied by four. Expenses should be categorized into three categories: essential fixed expenses, essential variable expenses, and nonessential expenses.

Essential expenses are those people need and cannot do without (e.g., mortgage or rent, groceries, clothing, medicine). Some essential expenses are fixed or do not change each month (e.g., mortgage, rent, car note). Other essential expenses vary from month to month and are known as variable expenses (e.g., grocery, medical bills, gas).

Goods and service you can live without but want are known as nonessential expenses (e.g., entertainment, video games, concert tickets). It is important to limit or even eliminate nonessential expenses to achieve financial goals. Add all expenses together to create total expenses. Subtracting expenses from income produces either savings or losses. The goal of budgeting is to generate monthly savings to achieve your financial goals such as buying a new car.

Have students read the scenario on the Budgeting Exercise BLM (see BLM and sample below) and track the income and expenses, categorizing the expenses into essential fixed, essential variable, and nonessential expenses. Students should find the total income and expenses. Subtract total expenses from total income to generate either a savings or loss.

Jim works 20 hrs a week at the local hardware store as a stock boy making \$160 per week. Jim spent \$45.00 on gas this month.

Income:		
<i>Hardware paycheck</i>	<i>\$640</i>	
	Total Income	<i>\$640</i>

Expenses:		
Fixed		
Variable		
<i>Gas</i>	<i>\$45</i>	
Nonessential		
	Total Expenses	<i>\$45</i>
	Saving /Losses	<i>\$595</i>

Call on students to share their responses to the Budgeting Exercise BLM with the class. Provide appropriate feedback and correct student responses when necessary. Explain to students that tracking income and expenses are important to achieving financial goals. It is important to keep monthly expenses lower than your monthly income in order to save.

In addition to tracking income and expenses, budgets are also great planning tools. By anticipating variable expenses and limiting nonessential expenses, money to cover emergency expenses can be set aside to allow for savings desired to achieve long-term goals.

Set up four stations in the classroom. At each station, place copies of one of the Budget Scenarios BLMs (1-4). Each station should have a different scenario. (See sample below).

Scenario 1

Sarah's parents want to buy a new home for their growing family in the next two years. They need to save \$10,000 for a down payment. Sarah's father works as a computer technician at a cable company and Sarah's mother is a manager at a local deli. Sarah's parents have two children, Sarah who is ten years old and Jason who is five years old. Sarah's parents would like to save \$20,000 per child for their children's college education. The family enjoys going to the movies each week and buys toys regularly for the two children. They try to limit their spending to no more than \$200 per month. Below is the family's budget for the last month.

Income:		
<i>Father's paycheck</i>	<i>\$2,500</i>	
<i>Mother's paycheck</i>	<i>\$2,200</i>	
	Total Income	<i>\$4,700</i>
Expenses:		
Fixed		
<i>Rent</i>	<i>\$700</i>	
Variable		

Divide the class into four equal groups and distribute copies of the Family Budget Process Guide BLM. This *process guide* ([view literacy strategy descriptions](#)) will be used in conjunction with the budget scenarios. Assign each group a starting station and allow them approximately five minutes to work through the scenario and complete their *process guide* for that scenario. (See BLM and sample below).

Family Budget Process Guide

1. Read the scenario and write a statement that best describes the financial goals and plans of the family.

Have students rotate every five minutes to the next station. After all groups have completed all four scenarios, reassign students to four new groups with at least one student from each of the original groups present. Have students compare their group's responses to the four scenarios and discuss which scenario is the best example of a good budget and which is the worst. Have the groups make changes to the worst budget to achieve the scenario's financial goals. Call on students to share their responses with the class. Provide appropriate feedback and correct student responses when necessary.

Have students respond to the following writing prompt in the *learning logs* ([view literacy strategy descriptions](#)):

Describe the important characteristics of a good budget and how a good budget can help a person achieve his or her financial goals.

Call on students to share their responses with the class. Provide appropriate feedback and correct student responses when necessary. Have students reassess their *vocabulary self-awareness* ([view literacy strategy descriptions](#)) chart and make appropriate changes to their definitions and examples.

Activity 5: Financial Institutions and Services (GLEs: C.6.1, C.8.3; CCSS: WHST.9-10.7, WHST.9-10.9, WHST.9-10.10)

Materials List: Financial Institution BLM, chart paper and markers

To accomplish financial goals, various financial institutions offer services that are both necessary and beneficial. Choosing the right institution for the type of service needed is an important step in achieving financial goals.

Distribute copies of the Financial Institution BLM (see BLM and sample below). Have students use their textbook, encyclopedias, the Internet, or classroom resources to research the various types of financial institutions, the services offered, and advantages and disadvantages of each type of financial institution. Have students use the Financial Institution BLM *split-page notetaking* ([view literacy strategy descriptions](#)) to record their learning.

Date:	Financial Institution
Commercial Banks	<ul style="list-style-type: none"> • Description • Services • Advantages • Disadvantages

Monitor student work throughout the lesson to ensure students are recording the appropriate information in their *split-page notes*. After completing the lesson, ask students to share some of the facts and information recorded on their *split-page notes* for each of the institutions on the Financial Institution BLM. Provide appropriate feedback and correct students' responses when necessary. Remind students of the value of *split-page notes* when preparing for summative tests and assessments.

Lead a class discussion on what to consider when choosing the right financial institution to accomplish personal financial goals. It is important to consider the cost (e.g., fees, interest rates), convenience (e.g., number of branches, access to funds), and other considerations (e.g., the institution's financial stability, track record) when choosing a good financial institution to meet your goals.

Websites for financial institutions

<http://answers.yourdictionary.com/answers/invest/what-are-the-different-types-of-financial-institutions.html>

http://www.g-w.com/PDF/SampChap/60525_0892_CH08.pdf

http://wwwdev.cuna.org/download/23398_ch4.pdf

Divide students into groups of four and assign each group one of the following actions (may have multiple groups working on the same topic):

- opening a checking account,
- opening a savings account,
- taking out a loan, and
- investing for college.

Using the Internet or teacher-provided resources, have each team research an example of each financial institution that provides the service it is assigned. Have each group evaluate which type of institution would be the best to use for their assigned action based on the cost, convenience, and considerations (perks, bonus, and stability) of each institution. Have each group prepare a short presentation that describes the service their group is seeking, compares the various institutions that offer it, and explains which institution best provides that service including a real-world example. Each group should create a visual aide using chart paper and markers to compare and contrast the different institutions providing their assigned service. Display each group's visual on the wall or board. Provide appropriate feedback and make any corrections or suggestions when necessary.

After all groups have presented, allow students to review each visual while responding to the following prompt in their *learning log* ([view literacy strategy descriptions](#)):

Describe the service that is best provided by each of the different types of financial institutions.

Call on students to share their responses with the class. Provide appropriate feedback and correct student responses when necessary.

Have students reassess their *vocabulary self-awareness* ([view literacy strategy descriptions](#)) chart and make appropriate changes to their definitions and examples.

Activity 6: Understanding the Household Finances (GLEs: C.6.1, C.8.2, C.8.4; CCSS: RH.9-10.7, WHST.9-10.7, WHST.9-10.10)

Materials List: copies of Household Finances BLM, copies of Balancing the Checkbook BLM, sample bank <http://www.mocpa.org/leap/Item%201-%20Balancing%20Your%20Checking%20Account%20~%20Statement%20Sample.pdf> and credit card statements <https://staff.rockwood.k12.mo.us/redmandave/FM/Documents/Credit%20Card%20Statement.pdf>

Distribute copies of the Household Finances BLM which is an *anticipation guide* ([view literacy strategy descriptions](#)). Have students read the statements related to household finances before any information is presented or informational texts read. Students should circle a T for true if they believe the statement is accurate and an F for false if they believe the statement is not accurate. (See BLM and sample below.)

Instructions: Using your prior knowledge of household finances, distinguish the following statements as either being true or false by circling a T for true and an F for false. Be prepared to discuss and defend your answer.

1. Paying the minimum balance on a credit statement is a good way to pay off your credit card debt. T or F

Call on students to share their responses to the statements on the *anticipation guide* and their rationale. Provide appropriate feedback and question students' rationale to clarify their logic and reasoning but do not give the correct answers at this time. Have other students demonstrate their approval of a response by thumbs up for agree and thumbs down for disagree.

Discuss the importance of maintaining an accurate record of money spent out of a checking account and money deposited into a checking account. Over-drafting or withdrawing more money from a checking account than is in the account results in expensive fees from the bank, damage to credit and in extreme cases legal problems.

Even though most banks offer online banking, balancing a checkbook by paper register helps track expenses.

Distribute copies of the Balancing the Checkbook BLM. Explain the process of balancing a checkbook by modeling how to record withdrawals and deposits on the check registry. (See BLM and sample below).

Balancing the check book						
Directions: On the blank register below record the following transactions. Record your new balance after each entry.						
<ul style="list-style-type: none"> Your balance on October 29 is \$237.47. You forgot to ask your mom to write a check for a field trip. The check is due today, October 29, so you write a check of your own (#115) for \$18.00 to Any Town High School. 						
Check No.	Date	Transaction description (If check, note to whom check is written)	Payment/ Debit	Deposit/ Credit	Fees	Balance
	10-29	Balance				\$237.47
115	10-29	Check for Field Trip	\$18.00			\$219.47
	10-30	Paycheck 10-15-30		\$62.75		\$282.22

Have students complete the check registry activity recording each deposit and each withdrawal on the register. Call on students to share their responses with the class. Provide appropriate feedback and correct student responses when necessary. Explain the importance of checking the paper registry against the bank's statement.

Distribute copies of the sample bank statement. Explain the various components of a bank statement including beginning and ending dates, beginning and ending balances, checks or debits, deposits, credits, fees, and interest earned. Keeping an accurate check registry allows a bank customer to check the deposits and checks on the statement against those in the registry.

Ask students to respond to the following prompt in their *learning logs* ([view literacy strategy descriptions](#)):

While opening your monthly bank statement, you notice that your balance is lower than expected. Describe the method you would use to reconcile the difference between the balance shown on your bank statement and the balance in your check registry.

Call on students to share their responses with the class. Provide appropriate feedback and correct responses when necessary.

Bank statements are not the only financial documents that require close inspection each month. Explain that credit card statements can be both confusing and misleading. Distribute copies of sample credit card statements and explain each element on the statement including credit limit, payment due date, new balance, minimum payment due, annual percentage rate, principal balance, and transaction details.

Have students respond in their *learning logs* to the following writing prompt:

A friend has maxed out his credit limit on three credit cards and has been making the minimum payments on all three cards. He asks you for advice on how to reduce or eliminate his debt more quickly. What advice would you give to your friend?

Call on students to share their responses with the class. Provide appropriate feedback and correct student responses when necessary. Explain that making the minimum payment on a credit card pays off very little of the principal balance. A good strategy to pay off multiple cards is to pay off the card with the highest interest rate first as quickly as possible.

Websites for reference:

Basic of a Checking Account

<http://www.pennstatefederal.com/pdf/youthsharedraft.pdf>

Understanding credit card statements

Understanding bank statements

<http://www.howtowritechecks.com/Checking-Account-Statement.htm>

Have students re-examine their responses on the *anticipation guide* and make any corrections needed. Ask students to explain why they made the corrections in the space provided. Call on students to share changes they made and their rationale for the changes. As a monitoring technique, have other students in the class signal their approval of the changes by giving a thumbs up for agree and a thumbs down for disagree.

Have students reassess their Financial Literacy BLM (vocabulary chart) from Activity 1 and make appropriate changes to their definitions and examples.

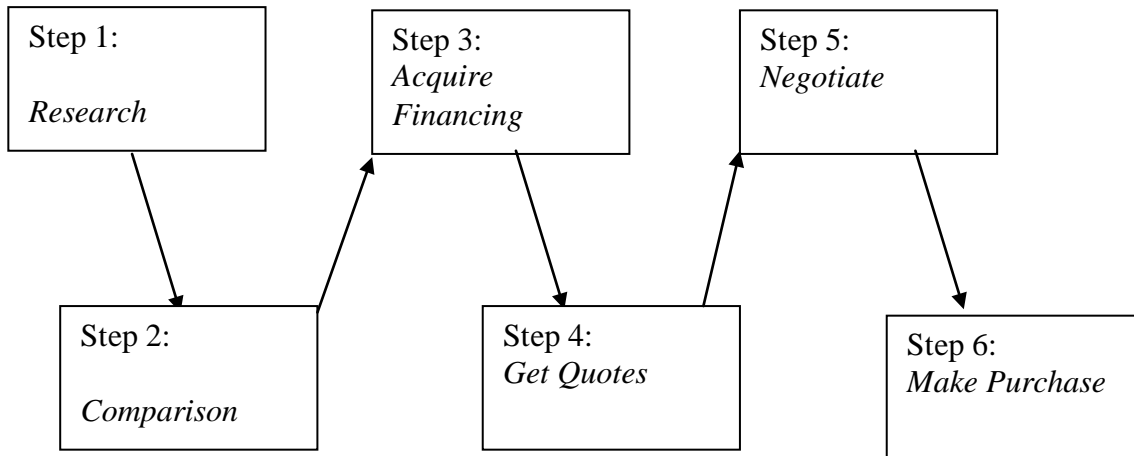
Activity 7: Making a Major Purchase (GLEs: C.6.1, C.8.2, C.8.4, C.8.5; CCSS: WHST.9-10.7, WHST.9-10.10)

Materials List: copies of Purchasing Flowchart BLM, copies of the script “Emma Soinstyle Buys a Used Car” found at <http://www.elevateurbanyouth.org/v2/new/Resources/ScriptEmmaSoinstyle.pdf>, props listed in the script

Some goods purchased in American households are necessities that are generally low in cost and purchased from the same store out of convenience. While some goods may cost less at another store, the hassle of driving to that location is not worth the savings to some people. For expensive goods such as cars, appliances, homes, and other large purchases,

comparison shopping and negotiating prices can save the consumer a significant amount of money.

Distribute copies of the Purchasing Flowchart BLM which is a *graphic organizer* ([view literacy strategy descriptions](#)). Have students use the *graphic organizer* to record their learning on the six steps of making a major purchase (see BLM and sample below).



A major purchase should be a part of the overall financial plan and budget for the household. While situations sometime arise that make it difficult to plan for these purchases (e.g., accident, illness), it is important to take the time to make the best decision possible. Lead a class discussion of the six steps of making a major purchase. The first step is to research the item being purchased and all the substitutes available. For example, if buying a new car, research all similar models for the various manufacturers. Research the retail price, specifications (e.g., miles per gallon, square feet, materials used in construction, warranties), resale value, depreciation (how the value of the item decreases over time), and quality of the item.

The second step is to compare the item with its substitutes using the information collected in step one. Select three or four items in the same price range and carefully examine each to find the best one.

The third step is to acquire financing if necessary. When buying a house, having a pre-approved loan letter from a bank is recommended. Various sources of credit including commercial banks, savings and loans, credit unions, and finance companies are usually available. It is common for car dealerships, appliance stores, and mobile home dealers to have their own finance company. It is important to have multiple sources of credit to choose from.

The fourth step is to get quotes from several retailers for the desired item and close substitutes.

The fifth step is to negotiate the price with the retailer.

The final step is making the purchase. This includes the signing of legal documents. Be aware of warranties and return and exchange policies. Always read the fine print on legal documents.

Websites for reference and reinforcement

General finance tips and interactive lessons for students

<http://www.handsonbanking.org/en/>

Buying a car mini-lesson

http://www.elevateurbanyouth.org/v2/new/Grades9-12/buying_used_car.htm

Distribute copies of the script “Emma Soinstyle Buys a Used Car” found at <http://www.elevateurbanyouth.org/v2/new/Resources/ScriptEmmaSoinstyle.pdf> to seven students chosen to make up the cast of a three scene skit. Allow students a few days preparation for the skit. Prepare the props listed in the skit and arrange the classroom to accommodate movement and scenes in the skit. Have the selected students perform the skit for the class. Immediately following the skit, have the students respond in their *learning log* to the following writing prompt:

Throughout the skit, Emma made several decisions in buying a used car.

Describe the mistakes she made in purchasing a used car and how you think she could have done better.

Call on students to share their responses with the class. Provide appropriate feedback and correct student responses when necessary. Have students reassess their *vocabulary self-awareness* ([view literacy strategy descriptions](#)) chart and make appropriate changes to their definitions and examples.

Activity 8: Credit (GLEs: C.8.3, C.8.4, **C.8.5**; CCSS: **RH.9-10.1**, **RH.9-10.2**)

Materials List: copies of the “Six C’s of Credit”

http://www.cbmfoundation.org/downloads/six_c.pdf , Credit Predictions BLM, white board or chart paper, markers

There are times when paying cash is not an option, making credit necessary (e.g., buying a home, car, paying for college). On large purchases, banks and other financial institutions may loan money to a consumer which must be paid back over an agreed period of time and with interest. For small amounts, stores and banks offer short-term credit usually in the form of a credit card which will have higher interest rates and shorter payback periods. Have students draw a T-chart in their *learning logs* ([view literacy strategy descriptions](#)). A T-Chart is a type of *graphic organizer* ([view literacy strategy descriptions](#)) that can be used to analyze the pros and cons of using credit to purchase goods. (See example below.)

Using Credit	
Pros:	Cons:
<i>Pay for goods over time</i>	<i>Paying interest</i>

Have students work with a partner to discuss their thoughts on the pros and cons of using credit. Then call on students to share their pros and cons of using credit. Provide appropriate feedback and correct student responses when necessary. Explain to students that credit can be a good thing allowing for the purchase of items now and paying for them over a longer period of time. Credit, however, can also be an easy way to overextend budgets and cause financial stress. Without credit, buying a house or a car would be much more difficult. Good credit is built over time and requires a lot of discipline and responsibility.

Distribute copies of the “Six C’s of Credit” and have students quickly scan the document formulating predictions about the text for *DL-TA* ([view literacy strategy descriptions](#)). *Directed learning-thinking activity* reinforces and encourages students to self-monitor their learning as they progress through an unfamiliar text. By making predictions and modifying their predictions as they read, students enhance their comprehension, attention, and achievement. After students have scanned the article, ask students to share their ideas and knowledge about what is needed to obtain credit. Record students’ responses on the board or on chart paper. Provide appropriate feedback and correct students when necessary. Have students read the introduction of the article and ask, “What do you think the main idea of the article will be, based on the introduction?” The article’s main idea is that a money lender looks at six qualifications to determine whether he or she will make a loan to someone. Have students make predictions about what they will learn about each of six qualifications of good credit and how the qualifications affect their ability to obtain credit. Have students record those predictions on Credit Predictions BLM a *graphic organizer*. (See example below.)

Six C’s of Credit		
Prediction of what I will learn	Changes to my prediction	What I learned
<i>Character means being good.</i>	<i>Character means being responsible with money and paying bills on time (Paragraph 1)</i>	<i>A lender feels comfortable loaning money to a person of good character.</i>

Call on students to share their predictions and record them on the board or chart paper. Provide appropriate feedback. Instruct students to read the paragraph on the first qualification “Character” and reread their prediction about the qualification. Have students rethink their prediction and make any necessary change citing evidence from the text. Call on students to share the changes to their predictions and state the evidence from the text. Provide appropriate feedback and model how students should make changes and cite evidence while recording student responses on the board or chart paper. Students should record the changes on their Six C’s of Credit *graphic organizer*. Repeat this process for the next six paragraphs.

Have students reexamine their *graphic organizer* and think about what they have learned from the article. Call on students to share their responses with the class. Provide appropriate feedback and correct student responses when necessary. Record student

responses on the board or chart paper. Explain to students that the six qualifications form the basis of a credit score. A person's credit score is a determining factor in the availability and amount of credit someone can access. Increasing income earned, paying off debts, and paying bills on time will likely increase a credit score, while losing a job, missing payments, or defaulting on a loan will likely decrease a credit score. Good credit scores are essential in obtaining financing for a house or car.

Websites for reference on Credit

Credit education materials <http://www.cbmfoundation.org/educational-materials/>
<http://www.practicalmoneyskills.com/personalfinance/creditdebt/cards/proscons.php>

Sample Assessments

General Guidelines

- Students should be monitored during all activities via teacher observation, data collection logs, writing products, class discussion, and journal entries.
- Student-developed products should be evaluated as the unit progresses.
- Assessments should be selected that are consistent with the types of products that result from the student activities.
- Student investigations and projects should be evaluated with criteria assigned specific point values. The criteria should be distributed to the students when assignments are made and, when possible, students should assist in the development of the scoring criteria.
- A variety of performance assessments should be selected to determine student comprehension consistent with the type of products resulting from the selected student activities.
- Teacher-created, comprehensive unit exams assessing the GLEs should consist of the following:
 - a variety of formats for objective, convergent test items
 - depth of knowledge at various stages of Bloom's taxonomy
 - EOC-like constructed response items
 - open-ended response items requiring supporting evidence
 - test items aligned to the verbiage of the GLEs.

Activity-Specific Assessments

- Activity 2: Have students research a career of their choice and indicate the qualifications, training required, certifications or degrees, average annual salary, and standard benefits. Have students prepare a presentation that includes an informative speech and visual. Assess the presentation based on the accuracy and creditability of the information; creativity and design of the visual, and the quality

of the presentation using predetermined criteria distributed to students at the beginning of the assignment.

- Activity 5: Have students write a comparative essay that compares and contrasts two different financial institutions including the various products and services provided, benefits, and cost to consumers. Assess the essay based on the accuracy and completeness of the comparison using predetermined criteria.
- Activity 7: Have students work in small groups of three or four students to write a script for a short skit detailing the process of making a major purchase. Have students perform the skits in class or video the skits and play them to the class. Assess the skit based on the accuracy of the process demonstrated of making a major purchase.