



**Money
Smart**

for Grades 9-12



Educator Guide



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WELCOME TO MONEY SMART

Welcome to ***Money Smart***, an exciting interactive exploration of the concepts of money. This standards-aligned, cross-curricular program is designed to promote personal financial education in grades 9 through 12 students and young adults aged 18 to 20. You can use ***Money Smart*** to add engaging and enriching activities to financial literacy and economics instruction. Extension activities support English Language Arts, Math, Social Studies and Economics, and Technology, while also helping your students build the foundation to become financially responsible adults.

In ***Money Smart*** you will find:

- **Twenty-Two Lessons** with hands-on, cross-curricular activities that engage ninth- through twelfth-grade students and young adults aged 18 to 20 in discussing and exploring key financial concepts
- **Teacher Presentation Slides**, which provide helpful visuals, as well as challenge exercises and reflective prompts to support the activities in each lesson
- **A Student Guide** with handouts, worksheets, and resources that let students explore the topics covered in each lesson and apply their new knowledge
- **A Parent/Caregiver Guide** with information about topics being covered in class, conversation starters, online and literary sources, along with conversation starters and family activities to try together

Developing positive financial habits equips students with 21st-century skills and tools that last a lifetime. We hope you and your students enjoy learning about money and its many uses.

We are eager to hear from you about how you use this curriculum. We would like to know what works well and what could be improved to make ***Money Smart*** even better. If you have any questions, we would like to help. Please contact us with your comments and questions via e-mail at communityaffairs@fdic.gov.

GETTING STARTED

Money Smart provides a comprehensive, developmentally appropriate program for teens and young adults to build an understanding of key financial concepts.

There are many features that help make the **Money Smart** curriculum engaging, motivating, and easy to use. Each lesson includes learning objectives, essential questions, supplies needed, and preparation required, as well as the following features and components to support easy integration of **Money Smart** activities into your instructional day.

STANDARDS

Each lesson promotes real-world connections through student-centered learning experiences and aligns to the following education standards, including Common Core State Standards in mathematics and English Language Arts. The **Education Standards Chart** identifies which standards are met in each lesson.

- Financial Literacy Jump\$tart Standards
- English Language Arts Common Core State Standards
- Mathematics Common Core State Standards
- National Standards in Economics by Council for Economic Education
- Partnership for 21st-Century Skills

GRADE-LEVEL MODIFICATIONS

Please note the modifications identified throughout the lessons to differentiate learning experiences for beginners and advanced learners. Modifications provide developmentally appropriate activity recommendations and extension opportunities for a wide range of learning levels.

PRESENTATION TIME

Each lesson plan includes an estimated time needed to teach the lesson. Actual time required will vary classroom to classroom. The estimation includes time spent on the **Warm Up, Guided Exploration, Independent Exploration, and Wrap Up**. Activities may also be taught as several short lessons over a period of days or weeks. **Extended Exploration** activities are included to extend financial literacy learning opportunities throughout the year and provide easy ways to integrate the topics into various content areas.

ASSESSMENTS

A variety of assessments will be integrated throughout each of the twenty-two lessons. Assessments are designed to build value, meaning, and context around a topic, while providing teachers with opportunities to evaluate prior student knowledge, and collect evidence of their new understandings of lesson concepts and skills. Pre- (formative) and post- (summative) assessments are noted on the first page of each lesson. Assessments include discussions, reflections, questions and answers, reading, writing, and problem-solving exercises. Student handouts are an especially useful form of written assessment.

LESSON STRUCTURE

Each lesson is designed to include the following:

- **Warm Up** introduces students to the topic and sparks inquiry.
- **Guided Exploration** integrates key financial literacy learning objectives with teacher support and guidance. Through whole-class discussions and activities, students discuss key topics and begin connecting the concepts to the context of their own lives.
- **Money Smart Tips** are provided throughout lessons to offer additional guidance, interesting and relevant financial facts, and additional ideas to help make *Money Smart* a success in your classroom.
- **Independent Exploration** activities are designed to engage students in the process of learning through individual discovery, research, and interpretation. These activities are more independent than the Guided Exploration activities and may also be used as homework assignments, for collaborative group work, or independent study.
- **Wrap Up** provides a reflection question or activity to review lesson concepts and allow students to demonstrate their understanding.
- **Extended Exploration** provides teachers with additional opportunities to extend financial literacy concepts throughout the school year within core content areas including English Language Arts and Math. Activities can be completed as a class, in small groups, or by students individually. Useful resources (such as books, web links, games, or videos) are also included to promote even more student engagement. The books and online resources suggested in this guide are just a few of the many available resources that explore these topics, and are not endorsed by the FDIC.
- **Student Handouts** (found in the **Student Guide**) and **Teacher Presentation Slides** provide dynamic instructional support. Student handouts create an opportunity for students to apply their knowledge and for teachers to assess their understanding. Teacher presentation slides offer visuals and interactive activities corresponding with lessons.
- The **Answer Key**, **Glossary**, and **Standards Chart** house all of the information needed to check for understanding, define key terms, and check which activities meet specific education standards. Vocabulary words are **bolded** in each lesson as they are introduced. It may be helpful to distribute copies of the entire glossary to students as a reference.

MONEY SMART AT HOME

The *Money Smart* curriculum includes a helpful **Parent/Caregiver Guide** that corresponds to the classroom materials. Families may also use it independently of the curriculum. It contains resources, activities, games, and conversation starters on financial literacy topics covered in each lesson. Use the following ideas to encourage parents to use the guide at home:

- Introduce parents to the *Money Smart* program and share the **Parent/Caregiver Guide** at the start of the school year.
- Discuss the *Money Smart* program during parent/teacher conferences, or in monthly parent newsletters home, and the importance of building healthy financial habits early on in life.

- Hold a **Money Smart** family night. Play games and have students share short skits about financial concepts they have learned.
- Send student handouts from each lesson home in homework folders for parents to review and sign.

MONEY SMART PORTFOLIO

To promote positive financial behaviors and demonstrate the compounding knowledge of financial literacy skills developed throughout the **Money Smart** curriculum program, introduce the **Money Smart Portfolio** into your classroom. The **Money Smart Portfolio** is a semester-long project that collects student handouts and activities from each lesson to be presented as a final portfolio.

The portfolio creation recognizes students' financial growth throughout each phase of the learning process. The portfolio also enables students to walk away with a comprehensive resource that may be referred back to anytime a financial question arises in their futures. Using the **Money Smart Portfolio** as a semester-long project also gives students a long-term goal to work toward, while enabling an excellent opportunity for final assessment.

Money Smart Portfolio is designed for the following purposes:

- Assess student understanding from each phase of the program
- Create opportunities for final student self-reflection and personal assessment
- Reaffirm for students the intrinsic nature of financial skills and how one skill and strategy leads to another
- Build long-term vision for students to invest in the program from beginning to end

FINANCIAL LITERACY ALL YEAR LONG

Highlight financial literacy at your school all year long, especially in April, during National Financial Literacy Month and School Library Month.

- Create bulletin boards or posters with students about financial literacy themes learned in **Money Smart**
- Create a class or school newsletter with students to distribute to the school community about money skills and financial concepts covered in class.
- Publish student handouts and activities from the **Money Smart** lessons by sharing them on a classroom blog, website, or through social media.
- Display student work in the classroom, library, and hallways to spread financial literacy throughout the school community.
- Connect with other teachers to integrate real-world applications of financial literacy across all disciplines and classrooms, from Math to English Language Arts and Technology courses.

The more that students are exposed to financial literacy, and the more opportunity they have to practice applying their new knowledge and understanding of concepts, at school and at home, the more prepared they will be to live **Money Smart** lives.



LESSON 1: WORKING HARD FOR THE MONEY

GRADES
9 - 12
AND AGES
18 - 20

LESSON OVERVIEW

As teens and young adults begin working for the first time, questions about job choices and what to do after high school are on the forefront of their minds. With some teens planning on attending college and others unsure of their direction after graduation, this lesson explores the many different options young adults and teens have at their disposal in finding a **career** track that works for them. Exploring **jobs** that combine passion and profit, students examine different career and educational tracks and assess where they fit within the spectrum of choices, and recognize how **taxes** relate to **income** earned.

TOPIC: Career Options

SUBJECT CONNECTIONS: Science, Social Studies, Math, English Language Arts, Technology

TIME REQUIRED: 55 minutes (*excluding Extended Exploration activities*)

LEARNING OBJECTIVES:

Students will be able to...

- Identify career options and education or training required for different careers
- Name sources of income
- Explain the relationship between income and taxes
- Demonstrate how to research and analyze different careers

SUPPLIES:

- Projector (for teacher presentation slides)
- Access to the Internet (**optional**)

PREPARATION:

- Make copies of student handouts
- Set up projector with presentation slides

STUDENT HANDOUTS:

(*found in Student Guide*)

- **Exploring Careers**
- **Career Research**
- **Making Choices**

TEACHER PRESENTATION SLIDES:

- **Dream Job**
- **Possible Employer Benefits**
- **Paycheck**
- **Choices**

ESSENTIAL QUESTION:

- *How do I earn money now?*
- *How can I earn money later in my life?*
- *What career or job is right for me?*
- *What kind of education or training will need?*

ASSESSMENT ACTIVITIES:

PRE-ASSESSMENT:

- **Dream Job** slide
- **Exploring Careers** activity

POST-ASSESSMENT:

- **Career Research** handout
- **Making Choices** handout

MONEY SMART PORTFOLIO:

- **Career Research** handout
- **Making Choices** handout

Answer Key14
Glossary with key vocabulary 15



INSTRUCTION STEPS

WARM UP

EXPLORING CAREERS [10 MINUTES]

Open the lesson by displaying the **Dream Job** slide. The question prompts may be used for small-group discussions, a whole-class discussion, or an individual reflective writing exercise.

Distribute the **Exploring Careers** handout, and review together as a class. Using student responses from the **Dream Job** slide and information on the **Exploring Careers** handout, engage the class in a brief discussion about how different career tracks require different preparation, such as formal education, training, skills, and experience. Ask students: *What is the difference between a job, career, and profession? Why do different jobs require different education and training?* Invite students to share examples of each to test their understanding.

GUIDED EXPLORATION

INCOME, BENEFITS, AND TAXES [15 MINUTES]

Next, guide the discussion to the different income levels for the jobs highlighted on the **Exploring Careers** handout. Explain that, even though a job may pay a certain amount of money per hour or year, there are other factors that contribute to earned incomes, such as benefits provided by an employer and taxes deducted from a paycheck.

Display the **Possible Employer Benefits** slide and review each of the benefits together as a whole class. Help students understand that, in addition to researching and exploring **salary** incomes, it is also important to investigate benefits provided by an employer. For instance, if a job doesn't offer health insurance, explain that this is an out-of-pocket expense that must be considered in a personal budget, thus reducing available income to satisfy other needs.

MONEY SMART TIP!

While many people connect employer benefits first to health care and retirement, show students that there are also other benefits and perks that employers may offer. These could include items such as a wellness program covering gym membership costs, childcare and tuition reimbursements, discounts on products and services, unlimited vacation days, or flexible work hours. Ask students to consider their values by having them define which benefits would be most important to them and why. Encourage students to also ask their parents and family members what type of benefits they have at their jobs and which ones they value the most.



Grade-Level Modifications:

Beginner: Engage students in considering what a “benefit” means and why benefits are used to attract and retain employees.

Advanced: Challenge students to research and discuss real job listings, noting the types of benefits offered. They can use job-listing sites or newspaper listings, or visit the websites of companies they are interested in working for.

Explain that another factor in understanding earned income is calculating the amount of taxes deducted from a paycheck. Display the **Paycheck** slide and review the sample paycheck with the class. Walk students through each part of the paycheck and explain that, even though our **gross income** (earned money before taxes) is one number, our **net income** (take-home pay) can be quite different. (See Lesson 6 for more information on taxes.)

MONEY SMART TIP!

Expand the discussion of paychecks by connecting this lesson with Lesson 6, *Bread-and-Butter*, which details information on paychecks and taxes.

INDEPENDENT EXPLORATION

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

EDUCATION AND CAREER CHOICES [20 MINUTES]

Display the **Choices** slide and engage the class in a brief discussion about the many different opportunities and choices available in selecting a career path. Ask students: *Why are there so many different career options? How do you determine which option is right for you?* Explain that directions after high school may include going straight into the workforce, two- or four-year colleges, an apprenticeship, joining a branch of the military, or becoming an entrepreneur. Emphasize that there is no one “right” path and that everyone has unique values, goals, passions, dreams, and skills.

Distribute the **Career Research** handout and explain that students will now have the opportunity to explore different career options by researching job functions, training, and income levels. Allow students time to complete the handout, and invite volunteers to share their responses.

MONEY SMART TIP!

The **Career Research** handout may also be assigned as homework to provide students additional research time, or used as a writing extension by having students write a brief essay responding to the interest and skills reflection questions.



WRAP UP

MAKING CHOICES [10 MINUTES]

Close the lesson by giving students time to reflect on their different career choices by completing the *Making Choices* handout.

EXTENDED EXPLORATION

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

- **Writing Prompts:**

- How does technology influence the global job market? For example: in what ways do advancements in automation and robotics impact available work?
- How does technology change the way we search for jobs and perform jobs? (Online job applications, remote working opportunities)
- What does the American Dream mean to you? How does a job or career fit into your idea of the American Dream?
- Create an argument for and against the following statement: not everyone needs a four- year degree.

- **Suggested Readings:**

- *Top 25 Young Entrepreneur Success Stories* by Junior Biz: Entrepreneurial stories from young people who started their own businesses.
<http://juniorbiz.com/top-25-young-entrepreneurs>
- *Why It's Important to Think About Your Career in High School* by U.S. News: Explore reasons why it is never too early to start thinking about your career.
<http://money.usnews.com/money/blogs/outside-voices-careers/2014/02/11/why-its-important-to-think-about-your-career-in-high-school>
- *Colleges Ramp Up Career Guidance for Students* by USA Today: Learn about how colleges are helping students find the greatest return on their college investment through career planning.
<http://www.usatoday.com/story/news/nation/2014/02/26/campus-career-centers-take-center-stage/5257141/>



MATHEMATICS

- **Activity/Project Ideas:**
 - Review and discuss job requirements, education, and annual incomes for different applied math-based careers, such as actuaries, statisticians, financial analysts, and computer scientists.
 - Challenge students to calculate federal, state, Medicare, and Social Security taxes on different income levels and paycheck scenarios.

SOCIAL STUDIES AND ECONOMICS

- **Discussion Topics:**
 - Explore and discuss the globalization of the job market. For example: is globalization an opportunity to strengthen the U.S. economy? Why or why not? What are the pros and cons of globalization?
 - Have students analyze connections between genders and careers — what are the historical shifts in jobs held by men and women?
 - Debate the domestic and international economic impact of outsourcing jobs and the supply and demand shifts of different industries.
- **Activity/Project Ideas:**
 - Have students conduct research about the history of jobs. For example: students may explore historical shifts in the U.S. job market by visiting the U.S. Bureau of Labor Statistics website at <http://www.bls.gov/home.htm>. Investigate how jobs in America have evolved over time from farming to manufacturing to technological advancements. Have students create a timeline to present their research and discuss as a class how jobs will continue to evolve in the future. Invite students to consider science, technology, engineering, and mathematics (STEM) careers and the demand for such skilled careers in the present and future.

TECHNOLOGY

- **Online Resources:**
 - *Occupational Outlook Handbook* by the U.S. Bureau of Labor Statistics: Explore hundreds of different careers and discover education and training needed for each career, as well as median salaries. www.bls.gov/ooh
 - *Career One Stop* by the U.S. Department of Labor, Employment and Training Administration: A comprehensive website showcases employment trends, occupation profiles, and salary information for every type of career. <http://www.careeronestop.org/>
 - *Youth Employment, Find Youth Info*: Explore resources ranging from job search assistance to internships. <http://findyouthinfo.gov/youth-topics/youth-employment/career-exploration-and-skill-development>

ANSWER KEY

for Student Handouts

LESSON 1: WORKING HARD FOR THE MONEY

Student Handout: *Career Research*. Answers will vary. Use handout to assess student ability to evaluate research and compare the purpose of each job, education required, and projected income.

Student Handout: *Making Choices*. Answers will vary. Use handout to assess student ability to understand that different training and education paths can lead to different career choices.

GLOSSARY

401k: A plan offered through an employer that gives employees a choice of investment options, typically mutual funds, to save a portion of their salary for retirement.

403b: A plan offered by to employees of public schools, certain non-profits, and some members of the clergy to set aside money for retirement.

Annual Percentage Rate (APR): The cost of borrowing money on a yearly basis, expressed as a percentage rate. For example: a \$100 loan repaid in its entirety after one year with a \$10 finance charge has an APR of 10%.

Annual Percentage Yield (APY): A percentage rate reflecting the total amount of interest paid on a deposit account based on the interest rate and the frequency of compounding for a year. For example: a \$1,000 investment that earns 6% per year pays \$60 at year-end and has an APY of 6%.

Asset: An item with economic value, such as stock or real estate.

Auto Insurance: A contract between you and an insurance company in which you agree to pay a fee (premium) and in return, the insurance company agrees to pay for certain expenses associated with an accident or other covered losses on your vehicle. (See also **Insurance**.)

Automated Teller Machine (ATM): A machine, activated by a magnetically encoded card or other medium that can process a variety of banking transactions. These include accepting deposits and loan payments, providing withdrawals, and transferring funds between accounts.

Balance Sheet: A summary of a company's assets, liabilities, and shareholders' equity.

Bank: A financial institution and business that accepts deposits, makes loans, and handles other financial transactions.

Bank Teller: A bank employee who handles routine transactions, such as deposits or withdraws into a bank account.

Beneficiary: Someone who is designated to receive certain benefits after the death of another individual.

Bonds: A debt security, similar to an "IOU". When you buy a bond, you are lending money to the issuer in exchange for the issuer's promise to pay you a specified rate of interest and to repay the principal when it "matures," or comes due.

Branch Manager: A bank employee that supervises bank operations at a branch location.

Budget: A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time; also called a spending plan.

Capacity: Refers to your ability to repay a loan and other debts.

Capital: Refers to the value of your assets and your net worth.

Career: The type of work a person pursues for the majority of their life that may involve formal education, special training, or be within a specific industry.

GLOSSARY (continued)

Cash Flow: The amount of money flowing in (income) and flowing out (expenses) of a personal budget.

Cash Flow Statement: A summary of the money that comes in (income) and out (expenses) of a household or business over a period of time.

Certificate of Deposit (CD): A special type of savings account offered by banks or credit unions that typically offers a higher rate of interest than a regular savings account. You generally must keep your funds in the CD for a specified period of time to avoid penalties. The end of that time period is called the “maturity date.”

Certified Public Accountant (CPA): An accountant who has passed an examination and met other requirements and has been granted a certificate by a state agency.

Character: In finance, this refers to how you have paid your bills or debts in the past.

Charitable Giving: Money that you give to a nonprofit organization, charity, or private foundation.

Checking Account: A deposit account at a financial institution that allows consumers to make deposits, pay bills, and make withdrawals. Money that is in a checking account is very liquid, meaning it can be easily accessed.

Claim: Request to an insurance company for payment for a covered loss under an insurance policy.

Closing Costs: The expenses incurred by sellers and buyers in transferring ownership in real property. These costs may include the origination fee, attorneys' fees, loan fees, title search and insurance, and recordation fees.

Collateral: An asset that secures a loan or other debt that a lender can take if you default (don't repay) the money you borrow. For example: if you get a real estate mortgage, the bank's collateral is typically your house.

College Work-Study Program (Federal Work-Study): A program that enables qualifying students to work part time to receive money that helps finance the costs of post-secondary education.

Commercial Property Insurance: Coverage that a business or other entity purchases from an insurer to help cover losses to buildings and contents due to a covered cause of loss, such as a fire. (See also **Insurance**.)

Compound Interest: The interest paid on principal and previously earned interest.

Consumer Installment Loan: Money that a person borrows and agrees to pay back by making a set number of payments over a period of time.

Co-Pay: Also known as a copayment, a fixed amount (for example: \$15) you pay for a covered health care service, usually when you get the service.

Corporation: A legal entity that is distinct from the individual(s) who compose the business yet has rights and abilities similar to those of a natural person.

Credit: The ability to borrow money and pay it back later.

Credit Card: A plastic card that can be used to obtain credit (such as to purchase goods and services).

Credit Card Accountability Responsibility and Disclosure Act: A law that prohibits certain practices that are unfair or abusive. The law also makes the rates and fees on credit cards more transparent so consumers can understand how much they are paying for their credit card and can compare different cards.

GLOSSARY (continued)

Credit Report: A record of your credit - and some bill repayment history - and the status of your credit accounts. This information includes how often you make your payments on time, how much credit you have, how much credit you have available, how much credit you are using, and whether a debt or bill collector is collecting money you owe.

Credit Score: A number, roughly between 300 and 800, that measures an individual's credit worthiness. The most well-known type of credit score is the FICO[®] score. This score represents the answer from a mathematical formula that assigns numerical values to various pieces of information in your credit report.

Credit Union: A not-for-profit financial institution owned by its members and represented by a volunteer board of directors who are elected by the membership. To become a member, you must meet the credit union's field of membership requirements and open a share account.

Creditworthiness: A creditor's measure of a consumer's past and future ability and willingness to repay debts. (See also **Credit Report** and **Credit Score**.)

Crowdfunding: A process of raising money for a cause or purpose, often online, from multiple people.

Customer Service Representative: A person who provides general information, handles complaints or inquiries, and may help consumers open accounts.

Debit Card: A plastic card that can be used to deposit or withdraw cash from a checking or other bank deposit account, such as at automated teller machines or at retail locations that accept cards.

Debt-to-Assets: Measures the ratio of your monies owed (liabilities such as a car loan) to items that are of value (assets such as property). To calculate, you divide your total liabilities by your total assets. For example: if you own a home that is worth \$200,000 (asset), but you have a mortgage of \$50,000 left on the home (liability), your debt-to-asset ratio is 25% ($\$50,000 \div \$200,000 = 0.25$ or 25%).

Debt-to-Equity: A measure of solvency (the ability of a business to pay off its debt if the business were immediately sold) that is calculated by dividing total liabilities by stockholders' equity.

Debt-to-Income: A measure calculated by dividing your monthly debt payments by your gross monthly income. For example: if you pay \$200 each month for a car loan and \$1,000 each month for a home loan, your total debt payment each month is \$1,200 ($\$200 + \$1,000$). If your monthly gross income is \$4,000, then your debt-to-income ratio is 30% ($\$1,200 \div \$4,000$).

Deductible: The dollar amount or percentage of a loss that you have to pay before the insurance policy begins to pay.

Deduction: An amount that reduces the amount of income on which a person pays tax.

Direct Loan: A low-interest loan for students and parents to help pay for the cost of a student's education after high school.

Disability Insurance: Protects a person from loss of income due to a covered illness or injury. (See also **Insurance**.)

Diversification: The approach of spreading your money among various investments with the hope that if one investment loses money, the others will make up for those losses; also referred to by the phrase "don't put all your eggs in one basket."

GLOSSARY (continued)

Entrepreneur: An individual who establishes and operates his or her own business.

Equal Credit Opportunity Act: A federal law that prohibits credit-related discrimination on the basis of gender, race, marital status, religion, national origin, age, or receipt of public assistance.

Equity: The difference between the value of a piece of property (such as a house) and any debts for it (such as the amount of a mortgage).

Estate: The property of a person who has died.

Estate Planning: Planning for what will happen with assets or property after death.

Estate Tax: A tax on your right to transfer property at your death.

Executor: Someone who is selected to administer an estate (for example, make sure that the instructions in the will are properly followed).

Expense: The cost of goods and services.

Federal Deposit Insurance Corporation (FDIC): Preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least \$250,000. An independent agency of the federal government, the FDIC was created in 1933 in response to the thousands of bank failures that occurred in the 1920s and early 1930s. Since the start of FDIC insurance on January 1, 1934, no depositor has lost a single cent of insured funds as a result of a failure.

Finance Charge: The total dollar amount paid for credit. For example: a \$100 loan repaid with \$9 interest plus a \$1 service fee has a finance charge of \$10.

Financial Advisor: A person who provides financial information and advice.

Financial Aid: Award(s) to individuals to help pay for education expenses.

Financial Planning: Identifying a person's financial goals, needs, and expected earning, saving, investing, insurance, and debt management activities.

Financial Ratios: Useful indicators of financial performance.

Financial Recordkeeping: The documentation of a person's financial affairs, including income earned, taxes paid, and expenses.

Fiscal Policy: A broad term used to refer to the tax and spending policies of the federal government. Fiscal policy decisions are determined by Congress and the governing Administration.

Fixed Expense: An expense that does not change from month to month.

Fixed-Rate Loan: A loan that has an interest rate that does not change.

Free Application for Federal Student Aid (FAFSA): The free application used to apply for federal student aid, such as federal grants, loans, and work-study.

Goal: Something you wish to achieve or accomplish in a specific amount of time.

GLOSSARY (continued)

Grant: A form of financial aid, often based on financial need that does not need to be repaid (unless, for example, you withdraw from school and owe a refund).

Gross Income (Gross Pay): Earnings before deductions (as for taxes or expenses) are subtracted.

Health Insurance: A contract that requires your health insurer to pay some or all of your health care costs in exchange for a premium (money paid).

Home-Based Business Insurance: Protection against certain losses and other risks for those who engage in business activity at their home. (See also **Insurance**.)

Homeowner's Insurance: An insurance policy that covers a homeowner's house, other structures on their property, and personal contents against losses caused by such things as windstorms, fire, and theft. It generally also provides liability coverage (for example: this coverage would be applicable if you are found responsible for the injury of a friend who injures themselves while visiting you). (See also **Insurance**.)

Identity Theft: When someone steals another person's identity to commit fraud, such as by using his or her name or Social Security number to get something. Identity theft is a crime.

Income: Money that you receive from jobs, allowances, gifts, interest, dividends, and other sources.

Income Tax: Taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Income taxes can be levied on both individuals (personal income taxes) and businesses (business and corporate income taxes).

Individual Retirement Account (IRA): A deposit or investment account that an individual opens and uses to save money for retirement and that has certain tax advantages

Inflation: A rise in the general level of prices of goods and services in an economy over a period of time; the opposite is deflation.

Insurance: A contractual relationship that exists when one party (the Insurer), for a fee (the premium) agrees to reimburse another party (the Insured or third party on behalf of the Insured) for a specific loss.

Insurance Agent: A person who sells insurance policies.

Interest: Money that a bank or other financial institution pays you for keeping money on deposit with them, or the amount of money you pay a bank as a fee when you borrow money. You can earn interest from a bank (such as when you keep money in a saving account) or pay interest (such as when you borrow money).

Inventory Turnover Ratio: A ratio showing how often a company's inventory is sold and replaced during a year or other period of time.

Invest: To put money at risk with the goal of making a profit (return) in the future.

Investment: Using money or time in a way that you expect will bring you a return or increase in value.

Investment Vehicle: The type or methods that a person (or business) can use to invest money.

Investors: People who expect a future financial return from using their money to finance investments.

Job: A specific duty, task, or activity someone completes using his or her time, skills, and energy to earn money.

GLOSSARY (continued)

Joint Tenancy: Equal ownership of property by two or more parties, each of whom has the right of survivorship (for example: when a person dies, their interest in the property is transferred to the other owners).

Lawyer: A person who practices law; also known as an attorney.

Lease: A contract transferring the use of property or occupancy of land, space, structures, or equipment in exchange for rent (generally money).

Lender: An organization or person that lends money with the expectation that it is repaid.

Liability: An amount owed to a person or organization for borrowed funds; responsibility to another for negligence that results in injury or damage.

Liability Insurance: Covers losses that an insured is legally liable, such as for another's personal injury or for property damage. (See also **Insurance**.)

Life Insurance: A form of insurance that will pay money to a beneficiary if the policyholder dies. (See also **Insurance**.)

Limited Liability Company (LLC): An entity formed under state law by filing articles of organization as an LLC. Unlike a partnership, none of the members of an LLC are personally liable for its debts.

Loan: Money borrowed that has to be repaid, generally with interest.

Loan Officer: A bank employee that (depending on the bank) evaluates, authorizes, or recommends approval of loan applications for people and businesses.

Long-Term Care: Services that include medical and non-medical care provided to people who are unable to perform basic activities of daily living, like dressing or bathing. Medicare and most health insurance plans don't pay for long-term care.

Medicare: A health insurance program for people who are 65 or older, certain younger people with disabilities, and people with permanent kidney failure requiring dialysis or a transplant. This program is financed by deductions from wages and managed by the federal Social Security Administration.

Monetary Policy: What the Federal Reserve, the nation's central bank, does to influence the amount of money and credit in the U.S. economy. What happens to money and credit affects interest rates (the cost of credit) and the performance of the U.S. economy.

Money Market Deposit Account: A savings account that offers a higher rate of interest in exchange for larger than normal deposits.

Mortgage (Home Loan): A contract, signed by a borrower when a home loan is made, that gives the lender the right to take possession of the property if the borrower fails to pay off, or defaults on, the loan.

Mutual Funds: An investment tool that pools the money of many investors and invests it in stocks, bonds, and money market assets, or other securities.

Need: Something you must have to survive, such as clothes, shelter, or food.

Net Income (Take-Home Pay): The gross pay minus deductions (such as for taxes, health care premiums, and retirement savings).

GLOSSARY (continued)

Net Worth: The difference between what you own (assets) and what you owe (debts).

Online Banking: A service that enables an account holder to obtain account information and manage certain banking transactions through the financial institution's web site on the Internet.

Partnership: Two or more persons who join to carry on a trade or business. Each person contributes money, property, labor or skill, and expects to share in the profits and losses of the business. Partners are liable for the partnership's financial responsibilities.

Paycheck: A check that is used to pay an employee for his or her work.

Pell Grant: Awarded to undergraduate students who have demonstrated financial need.

Perkins Loan: Low-interest federal student loans for undergraduate and graduate students with exceptional financial need.

Personal Exemptions: Reduces the income subject to taxation by the exemption amount.

Pharming: Redirecting Internet requests to false Web sites to collect personal information, which is generally then used to commit fraud and identity theft.

Philanthropy: Giving money or time for the purpose of trying to make life better for others.

Phishing: When fraudsters impersonate a business or government agency to try to get you to give them personal information, such as through an email or text message. Can also be thought of as "fishing for confidential information".

Pi: A Greek letter that reflects the ratio of the circumference of a circle to its diameter.

Predatory Lending: Certain practices that result in a borrower obtaining a loan that is harmful. These include, among other things, charging excessive fees and interest rates, lending without regard to borrowers' ability to repay, refinancing borrowers' loans repeatedly over a short period of time without any economic gain for the borrower, and committing outright fraud or deception (such as falsifying documents).

Premium: The amount of money that has to be paid for an insurance policy.

Profit: The money gained or left over after money spent (expense) is subtracted from money earned (income).

Profit-and-Loss Statement: A financial statement that summarizes the financial performance of a business during a specific period of time, including by outlining the firm's income, expenses, and the resulting profit or loss.

Policy: Contract between the insured and the insurer.

Power of Attorney: A legal instrument authorizing someone to handle the financial or other business affairs of another person.

Principal: The amount of money originally invested or the money that is borrowed.

Property Insurance: Insurance to protect you against damage that may occur to your property. (See also **Insurance**.)

"Rainy Day" Fund (Emergency Fund): Money set aside to pay for unexpected expenses.

GLOSSARY (continued)

Rate of Return: Profit or loss over a one year period, expressed as a percentage.

Recession: A period of reduced economic activity.

Rent: The amount of money needed to live in or use someone else's property, such as a home, condo, or apartment.

Rent-to-Own: A lease contract that includes an option to buy the product.

Return on Assets: An amount calculated by dividing annual earnings by its total assets.

Return on Investment (ROI): The annual return on an investment, expressed as a percentage of the total amount invested.

Revenue: The total income produced by a given source.

Right of Survivorship: A successor's ability to acquire the property of a deceased individual upon his or her death.

Risk: The possibility that something unplanned or unintended may happen (such as losing money). Uncertainty about outcomes that are not equally desirable. In finance, it refers to the degree of uncertainty about the rate of return and the potential harm that could arise when financial returns are not what the investor expected.

Risk Management: The process of calculating risk and choosing approaches to minimize or manage loss.

Roth IRA: An Individual Retirement Account that you deposit after tax dollars into for accumulation of retirement savings.

Rule of 72: A rough calculation of the time or interest rate needed to double the value of an investment determined by taking the number 72 and dividing it by the interest rate. For example: To figure how many years it will take to double a lump sum invested at an annual rate of 8%, divide 72 by 8, for a result of 9 years.

Salary: Compensation for work paid on a regular basis (bi-weekly/monthly) typically expressed as an annual amount.

Save: To set something, like money, aside to use in the future.

Savings Account: A bank account that you can use to set aside money, and that pays you interest.

Scholarship: Money awarded to students based on academic or other achievements to help pay for education expenses. Scholarships generally do not have to be repaid.

Secured Installment Loan: A loan for which you provide collateral to secure your promise to repay the money you borrow.

Self-Employment Tax: Money that someone who is considered self-employed must pay to the federal government to fund Medicare and Social Security.

Social Security: A federal government program that provides retirement, survivors, and disability benefits, funded by a tax on income.

Sole Proprietorship: A simple structure where there is only one person owning and operating the business.

GLOSSARY (continued)

Spending Plan: Another name for a budget.

Start-Up Capital: Money that is invested to help start a new business.

Stock: An investment that represents a share of ownership in a company.

Student Loans: A sum of money borrowed by an individual to help pay for college with the intent that it will be repaid at a future date, along with any agreed-upon interest.

Tax: Money that has to be paid to a government to provide public goods and services.

Tenancy in Common: Shared ownership of a property in which more than two people hold the title.

Tenancy in Entirety: Shared ownership of a property between a husband and wife, when one dies, the other still owns the property.

Text Message Spam: Similar to e-mail spam, but on your cell phone. Criminals often text offers of free gifts or low-cost credit offers to try to get you to click on a link so they can install malware on your phone or get you to give them information they can use to commit fraud.

Time Value of Money: The concept that a dollar today is not worth the same as a dollar in the future.

Traditional IRA: A retirement savings program to which yearly tax-deductible contributions up to a specified limit can be made. The amount contributed is not taxed until withdrawn. Withdrawal is not permitted without penalty until the individual reaches age 59 and a half.

Trust: A legal arrangement in which one person holds or manages assets or other property for the benefit of another.

Unsecured Installment Loan: A loan that is not secured by an asset (collateral) that a lender could take if you do not repay the loan.

Variable Annuities: A contract between you and an insurance company, under which you make a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments to you beginning immediately or at some future date.

Variable Expense: Money that a person spends or gives away that varies from month to month.

Variable-Rate Loan: A loan where the interest rate might change.

Want: Something that you would like to have but that you could live without, such as a TV or tickets to a baseball game.

Will: A legal document in which a person conveys information such as how they want their money and assets to be distributed after their death and who should be the guardian of their children.



Money
Smart

for Grades 9-12 Student Guide



**A fun way to help teens
get smart about money.**



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EXPLORING CAREERS

Job: work a person performs regularly in order to earn money

Career: a job or profession that a person holds for a long period of time

Profession: a type of job that requires special education, training, or skill

	Job Description	Training/Education	Average Income
Chemical Engineer	Chemical engineers combine knowledge of science and math to develop and design chemical manufacturing processes. Chemical engineers can work in a variety of areas to help facilitate manufacturing, from pharmaceuticals to food and environmental safety.	Bachelor's degree in chemical engineering	\$94,350 per year or \$45.36 per hour
Computer Support Specialist	A computer support specialist helps people and businesses successfully use computer software and hardware. Support specialists offer computer support, from installing software to training people how to use computer equipment and answering customer questions.	Educational requirements vary. Some computer support specialist positions require an associate's degree and others require a bachelor's degree in a computer or technology field, such as computer or information science.	\$48,900 per year or \$23.51 per hour
Dental Hygienist	Dental hygienists clean teeth and help patients maintain oral health. Hygienists examine patients, take dental X-rays, and help to educate patients on good oral health.	Associate's degree in dental hygiene	\$70,210 per year or \$33.75 per hour
Registered Nurse	Nurses perform a variety of tasks to help care for patients. Nurses assess injuries and illnesses, create treatment plans for patients, and administer medicine, among other patient-care tasks.	Registered nurses are required to hold a nursing license, which is earned by graduating from a nursing program and passing a national exam. Nursing programs are available for both associate and bachelor degrees.	\$65,470 per year or \$31.48 per hour
Masons	Using bricks and stones, masons build a variety of structures, from walls, fences, and floors to fireplaces and chimneys.	A high school diploma or equivalent is required, and most masons complete a three- to four-year apprenticeship in order to learn the trade.	\$44,950 per year or \$21.61 per hour

(Find more information about these and other careers in the Occupational Outlook Handbook at <http://www.bls.gov/ooh>.)



CAREER RESEARCH

Name: _____

Select two different careers that interest you, or that you would like to learn more about, and write them in the spaces below. Using the research resources or an Internet search engine, investigate the job description, training and education required, and the average income for each career.

Not sure which career to start with? Take a moment to reflect on your interests and skills.

- **What do you like to do?**
- **What are you interested in?**
- **What excites you?**
- **What are you good at?**
- **What fields are you interested in learning more about?**

Check out the U.S. Bureau of Labor Statistics' A to Z guide for more career ideas!

<http://www.bls.gov/ooh/a-z-index.htm>

CAREER		
JOB DESCRIPTION		
TRAINING/ EDUCATION		
AVERAGE INCOME		

Research Resources:

- Occupational Outlook Handbook. <http://www.bls.gov/ooh>
- Career One Stop. <http://www.careeronestop.org/>



MAKING CHOICES

Name: _____

Based on your current interests, select three different paths to employment from the following: two-year college, four-year college, apprenticeship, military, direct to workforce (job), and entrepreneur. Next, write down career opportunities that interest you that can be achieved by following each path.

