



**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 20: PROTECT YOURSELF

GRADES
9 - 12
AND AGES
18 - 20

LESSON OVERVIEW

In this lesson, students explore **identity theft**, prevention strategies for protecting personal information, and the consequences of identity theft in different real-world scenarios. From **phishing**, **pharming**, and **text message scams** to detecting **employment fraud**, students learn how to differentiate between multiple unethical deceptions. After identifying identity compromises, students also research methods to protect themselves through consumer rights and discover ways to prevent identity theft. Students learn the essential steps to take if their information has been breached and what to do after those first action steps are taken.

TOPIC: Consumer Protection

SUBJECT CONNECTIONS: Social Studies, English Language Arts, Technology

TIME REQUIRED: 70 minutes (*excluding Extended Exploration activities*)

LEARNING OBJECTIVES:

Students will be able to...

- Explain identity theft
- Evaluate consumer rights and protection laws
- Demonstrate how to protect personal information

SUPPLIES:

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

PREPARATION:

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

STUDENT HANDOUTS:

(*found in Student Guide*)

- **Spot Identity Theft**
- **This Job, Not That Job**
- **Steps to Take**

Answer Key 14
 Glossary with key vocabulary 16

TEACHER PRESENTATION SLIDES:

- **Identity Theft**
- **What Do Thieves Do with Your Information?**
- **Types of Identity Theft**(3)
- **Job Scams**

ESSENTIAL QUESTIONS:

- *What is identity theft?*
- *How do I protect myself?*

ASSESSMENT ACTIVITIES:

PRE-ASSESSMENT:

- **Identity Theft** slide
- **What Do Thieves Do with Your Information?** slide

POST-ASSESSMENT:

- **Spot Identity Theft** handout
- **This Job, Not That Job** handout
- **Steps to Take** handout

MONEY SMART PORTFOLIO:

- **This Job, Not That Job** handout
- **Steps to Take** handout



INSTRUCTION STEPS

WARM UP

YOU ARE THE ONLY YOU, RIGHT? [10 MINUTES]

Open the lesson by showing the **Identity Theft** slide. Tell students there is only one of each of you. Or is there? DNA analysis can prove you are the only you scientifically, but there are many crafty criminals that may be able to steal personal information (for example: your Social Security number, birth date, or credit card numbers) and use your identity to commit fraud or other crimes.

Tell students that identity theft is a serious problem because, despite the efforts of law enforcement, identity theft is becoming more sophisticated and the number of new victims is growing. If the crime is not detected early, you may face months or years of cleaning up the damage to your reputation and credit rating. You may even lose out on loans, jobs, and other opportunities.

Next, display the **What Do Thieves Do with Your Information?** slide and review the motives behind identity theft.

GUIDED EXPLORATION

COMPROMISING INFORMATION [25 MINUTES]

Share the (3) **Types of Identity Theft** slides and review each of the different tactics thieves use to steal information.

- **Phishing** is when criminals send out unsolicited, or “spam,” e-mails that appear to be from a legitimate source: perhaps from your bank, school, well-known merchants, Internet service provider, or even a trusted government agency (for example: the FDIC). Criminals attempt to trick you into divulging personal information.
- **Pharming** is when criminals seek to obtain personal or private information by making fake websites that appear legitimate. Your browser will even show that you are at the correct website. This makes pharming more difficult to detect than phishing.
- **Text message spam** is similar to e-mail spam, but on your cell phone. Criminals often text offers of free gifts or low-cost credit offers with a link. Clicking the link can install malware on your phone, which is how your personal information is captured.

MONEY SMART TIP!

Show students the **Phishy** video series (**Phishy Home, Phishy Office, and Phishy Store**) (1 min. each) from OnGuardOnline.gov and discuss the scenarios in each video.

<http://www.onguardonline.gov/media>



Invite students to share experiences they have had with phishing, pharming, or text message spam. Ask students if they have ever received any spam e-mails or texts and what they did when it happened. Explain that if an offer sounds too good to be true, then it probably is!

Next, ask students how they think they can protect themselves and what could be some ways to avoid identity theft. Invite students to share their answers, and emphasize that we can take the following actions to protect ourselves:

- Do not share Social Security number, credit/debit card numbers, PIN numbers, or passwords.
- Always review bank statements thoroughly.
- Online, only “friend” people you know.
- Shred old documents that include personal information such as account numbers and Social Security number.
- Create strong passwords that are not easy to guess. A mix of numbers, symbols, capital letters, and lowercase letters is more secure.

Grade-Level Modifications:

Beginner: Share with students additional examples of the types of identity theft and make sure students can identify the differences among each before moving on to the Free Exploration section.

Advanced: Have students research current events and find a news article that addresses any of the types of identity theft. Have students present their article and analyze it together as a class. For recent examples, visit the Federal Trade Commission’s Scam Alerts at <http://www.consumer.ftc.gov/scam-alerts>.

Help students understand that, in addition to taking actions to protect themselves by not oversharing, they are also protected by law. Explain that federal law requires financial institutions to keep your personal financial information private and ensures that the general public does not have access to your personal financial information. Tell students that federal privacy laws give them the right to stop or “opt out” of sharing some of their personal financial information, and that, if you opt out, you limit the extent to which the company can provide your personal financial information to nonaffiliated, or groups outside of the company.

MONEY SMART TIP!

Discuss with students the importance of contacting credit-reporting agencies in the event of identity theft and checking your credit score. Refer to Lesson 7, *Capacity, Character, Collateral, Capital*, for more information on the three major credit-reporting agencies: Equifax (www.equifax.com), Experian (www.experian.com), and TransUnion (www.transunion.com).

Next, distribute the **Spot Identity Theft** handout and review each scenario. Ask students to raise their hands for “Yes” or “No” for each story, and then engage students in a discussion about why or why not identity theft is possible.



MONEY SMART TIP!

In today's online world, students often share personal information freely, without fully considering who exactly might have access to that information. Ask students whether they know what personal information is and is not OK to share about themselves online. Tell students that, if they participate in online discussions or social media, personal information such as their full name, Social Security number, bank account numbers, or parents' credit card account numbers should always be kept private. Personal information such as what movies they like to watch or the names of books they like to read are generally OK to share when participating in social media or other online environments.

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.

MORE SCAMS [30 MINUTES]

Tell students that it is not just spam we have to be on the lookout for and that there are other scams that can cause significant financial turmoil. Display the **Job Scams** slide and review with students that employment scams are growing in popularity among criminals because they offer a "solution" to finding work, such as a paid certification or training with the promise of a job at the end—only the job never comes. The criminals take your cash and move on to the next victim.

Distribute the **This Job, Not That Job** handout and have students work together in small groups to analyze each of the job offerings. Challenge each group to identify which job is legitimate and which is not, documenting their supporting reasons.

Invite volunteers to share their conclusions with the class, and review why one job offer is more credible than the other. Reiterate that employment scams often make false promises, and if an opportunity sounds too good to be true, then it likely is.

MONEY SMART TIP!

Share and discuss with students the **Job Scams** video (3 minutes) from the Federal Trade Commission's website at <http://www.consumer.ftc.gov/articles/0243-job-scams>. Expand the discussion of scams by reviewing the many additional kinds of fraudulent behavior at [OnGuardOnline.gov](http://www.onguardonline.gov) (<http://www.onguardonline.gov/topics/avoid-scams>).

Next, tell students that being aware of the types of spams and scams to look out for is critical, but it is also important to know what to do if their personal data are compromised. Ask students what steps they think they should take if they suspect their identity has been stolen.

Distribute the **Steps to Take** handout and have students work in small groups to gather research and complete the worksheet.



Invite volunteers to share their answers with the class and help students understand that taking no action when you suspect identity theft is not a good approach. It is better to address the issue and seek assistance in resolving it so that minimum financial damage is done.

WRAP UP

SHIELD OF PROTECTION [5 MINUTES]

Close the lesson by asking students to write a brief reflection to the following prompt: Using what you have learned in this lesson, define what you will do to help create a shield of protection for your personal data.

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:**
 - Why is cybercrime so popular? What is it about the Internet that has made it possible for thieves to expand their network of crimes?
 - What rights do you feel you should have as a consumer in order to keep your identity safe and protected?
 - What role should the government play in protecting your privacy rights?
- **Suggested Readings:**
 - *Taking Charge: What to Do if Your Identity Is Stolen* by The Federal Trade Commission: Learn about the steps to take if your identity becomes compromised. <http://www.consumer.ftc.gov/articles/pdf-0009-taking-charge.pdf>
 - *When a Criminal's Cover Is Your Identity* by the FDIC: Read a checklist for identity theft prevention and what to do if your identity is stolen. <https://www.fdic.gov/consumers/privacy/criminalscover/index.html>
 - *Fraud* by the Consumer Financial Protection Bureau: Read about the steps to take if your credit or debit card may have been stolen. <http://www.consumerfinance.gov/blog/category/fraud/>



MATHEMATICS

- **Activity/Project Ideas:**
 - Have students review identity theft statistics and calculate the probability of becoming a victim of identity theft based on national averages.

SOCIAL STUDIES AND ECONOMICS

- **Discussion Topics:**
 - Explore and discuss what role the government should play in protecting citizens from identity theft.
 - Discuss identity theft on a global level and compare how identity thieves work around the world. Use examples such as the widely known “Nigerian” e-mail scam.
<http://www.onguardonline.gov/articles/0002I-nigerian-email-scam>

TECHNOLOGY

- **Online Resources:**
 - *Spam Scan Slam* by OnGuardOnline: An online game that tests students’ ability to identify potential spam scams. <http://www.onguardonline.gov/media/game-0012-spam-scam-slam>
 - *Phishing Scams* by OnGuardOnline: An online game that tests students’ ability to identify potential phishing scams. <https://www.onguardonline.gov/media/game-0011-phishing-scams>
 - *ID Theft Face Off* by OnGuardOnline: An online game that tests students’ knowledge of the steps to take when their identity has been compromised.
 - *Consumer Financial Privacy* by the FDIC: A web resource for understanding financial privacy and how to protect your identity.
<https://www.fdic.gov/consumers/privacy/index.html>

ANSWER KEY

for Student Handouts

LESSON 20: PROTECT YOURSELF

Student Handout: *Spot Identity Theft*

1. ■ No way! They could use the number to commit fraud.
2. ■ No way! It could be anybody trying to do damage to your login account.
3. ■ Give it to them. If you called the institution, you know it is legitimate and OK to give information to receive the service you need.
4. ■ Ask him to borrow a pair of scissors to cut them up before you throw them away, so no one else can get his information from them.
5. ■ Yes, you should make sure that the number you are instructed to call is really the credit card company's phone number, and then call the phone number find out to if it is true or not.

Student Handout: *This Job, Not That Job*

Job 1 is a potential scam because it does not provide full, detailed information (for example: there is no company name and the e-mail looks suspicious). The offer also sounds too good to be true at \$600/week and advertising very little work needed. In contrast, Job 2 offers details about the company, including a website where applicants can verify the company's credentials, as well as training/education requirements needed to perform the job and specific hours and pay. Job 2 is more forthright in information and is transparent in expectations and hours.

Student Handout: *Steps to Take*

How soon should you act if you suspect identity theft?	Immediately! If you take action quickly, you can stop an identity thief from doing more damage.
What are immediate steps you should take if you suspect identity theft?	Place an initial fraud alert, order your credit reports, and create an identity theft report.
What is involved in each step? Describe how each step works.	<p>The first step is to place an initial fraud alert. Three national credit reporting companies keep records of your credit history. If someone has misused your personal or financial information, call one of the companies and ask for an initial fraud alert on your credit report. A fraud alert is free. You must provide proof of your identity.</p> <p>The second step is to order your credit report. The credit reporting company will explain your rights and how you can get a free copy of your credit report. Order the report and ask the company to show only the last four digits of your Social Security number on your report.</p> <p>The third step is to create an identity theft report, which will help you deal with credit reporting companies, debt collectors, and businesses that gave the identity thief credit or opened new accounts in your name.</p>

What's next? After immediate action, what else can you do to ensure your identity is safe?

Monitor your progress and pay attention to all of your accounts.

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 accountholder 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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SPOT IDENTITY THEFT

Name: _____

Read each scenario and answer the questions. Check the box of the correct answer.

1. You answer the phone one evening at home. The voice on the other end is offering a free weekend trip to a ski resort, but to get your coupon you must give a credit card number. It sounds like a great idea. Do you give the number?
 Yes! I need a vacation!
 No way! They could use the number to commit fraud.
2. You receive an email from someone who says he is in your math class, but you do not know him. He says that he needs to get on the school network to check homework, but he lost his password. He wants to “borrow” yours. Should you give it to him?
 Yes! We had homework tonight, so it must be someone from class.
 No way! It could be anybody trying to do damage to your login account.
3. You call your bank to find out whether a deposit was posted to your account. She asks you for your Social Security Number to verify your identity. Do you give it to her, or hang up?
 Give it to them. If you called the institution, you know it is legitimate and OK to give information to receive the service you need.
 Hang up. You should never give out information over the phone.
4. Your dad just paid all the family bills for the month. He hands you a stack of bill stubs and asks you to throw them away. You should:
 Trash them. You do not want to disobey your dad.
 Ask him to borrow a pair of scissors to cut them up before you throw them away, so no one else can get his information from them.
5. You receive a letter in the mail from a well-known credit card company. It says they are “concerned about recent activity on your account” and they want to protect their customers. But you have never had a credit card with that particular company. There is a 1-800 number to call to speak with a fraud service representative. Should you call it?
 Yes, you should make sure that the number you are instructed to call is really the credit card company’s phone number, and then call the phone number to find out whether it is true or not.
 No, they will ask for private information from you and you know not to give it out.



THIS JOB, NOT THAT JOB

Read the job advertisements below and decide which job may be a scam and which one is the real deal. Be prepared to support your reasons.

JOB 1

Title: Customer Service Rep. (looking for **HIGH-ENERGY, SMILING FACES!**)

Description: Do you want to get paid now and work from home? Do you want the freedom and flexibility to spend your day the way **YOU** want to and earn up to \$600/week? If that sounds like you, then this is the opportunity of a **LIFETIME**. We are hiring work-from-home customer service reps...and **ALL** you have to do is call our customers with a friendly and helpful style.

We **PAY** well — up to \$600/week — and if you are the right person, you may even be able to grow into a full-time position!

What are you waiting for? E-mail us at trainingseminarpros49@tsp.com to enroll in our low-cost \$49 training today! All trainings lead to **BIG** work...all while staying in the comfort of your own home.

JOB 2

Title: Care for Customers, Inc. hiring Customer Service Representative

Description: Care For Customers, Inc., is a full-service customer sales organization with over 50 years in business. Visit our website at www.CareForCustomersInc.com and learn about our many satisfied customers.

We are currently hiring one Customer Service Representative that has at least five years of experience in the customer service industry. A high school diploma is required, and an associate's or bachelor's degree in business, communications, or related field is a plus.

The position is part-time (20–28 hours each week) for \$14.00/hour. Please send your resume and three references to jobs@CareforCustomersInc.com.



STEPS TO TAKE

Name: _____

What do you do if you think your identity may have been compromised? Find out now by putting your research skills to the test. Visit the Federal Trade Commission’s website at www.consumer.ftc.gov and locate information to complete the chart below. Be prepared to present your answers to the class.

QUESTIONS	YOUR ANSWERS
<p>How soon should you act if you suspect identity theft?</p>	
<p>What are immediate steps you should take if you suspect identity theft?</p>	
<p>What is involved in each step? Describe how each step works.</p>	
<p>What’s next? After immediate action, what else can you do to ensure your identity is safe?</p>	