

# Lesson 1: Needs & Wants

## Vocabulary Words:

**Needs:** Something that is necessary to live a healthy life.

**Wants:** Something that is desired.

1. Place a “N” next to items that are **NEEDS**.

Place a “W” next to items that are **WANTS**.



Video Games

a. W



Soccer Ball

b. W



Ice Cream

c. W



Clothing

d. N



Medicine

e. N



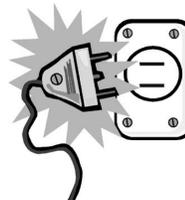
Fresh Water

f. N



iPod

g. W



Electricity

h. N

## Lesson 2: Budgeting

**Vocabulary: Budget-** a plan for saving and spending.

To create a budget, you have to know the amount of money you have coming in and the amount of money you have going out.

**1. You are trying to save up for a new video game that costs \$22.00.**

You have a chance to earn some money working:

Washing Dogs: \$4.00 ea.   Babysitting: \$3.25 / hour   Lemonade Stand: \$.75 / glass

- a. How many dogs will you need to wash? **6** ( $\$22 \div \$4 = 5.5$ )
- b. How many hours will you have to babysit? **7** ( $\$22 \div \$3.25 = 6.77$ )
- c. How many glasses of lemonade will you have to sell? **30** ( $\$22 \div \$.75 = 29.3$ )

**2. John has prepared a weekly budget:**

Description	Income	Expense	Money Available
Allowance	+ \$10		\$10
Delivering Papers	+ \$25		\$35
Lunch Money		- \$5	\$30
Bus Fare		- \$10	\$20

**Weekly Savings** **\$20**

- a. John saw a new camera for \$145. Using the savings in his budget, how many weeks will it take John to save up enough to buy it? **8 weeks**  
( $\$145 \div \$20$  (each week's savings) = 7.25 weeks)
- b. John decides to start washing cars to earn an extra \$10 per week. How long will it take him now to get the camera? **5 weeks** (John is now earning \$30 per week.  $\$145 \div \$30 = 4.8$  weeks)

**3. Your Turn! Create your own weekly budget:**

Description	Income	Expense	Money Available
<b>Weekly Savings</b>			

# Lesson 3: Banking

Banks offer many tools to help you manage your money.

## Vocabulary Words:

- a. Checking Accounts
- b. Interest
- c. Credit Cards
- d. Certificates of Deposit (CD's)
- e. Loans
- f. Savings Accounts

### 1. Fill in the blanks with the right word.

f. Savings Accounts allow you to save money and earn interest.

a. Checking Accounts allow you to withdraw money by writing checks.

d. Cert. of Deposit (CD's) are a type of saving account that typically offers higher interest rates but requires that the cash remain in the bank for a fixed time period.

c. Credit Cards allow you to instantly borrow money to purchase goods or services. Interest is charged on the borrowed money if it is not paid back on time.

e. Loans allow you to borrow money for larger items, such as a car or house.

b. Interest is the price paid to use borrowed money, as well as what customers are paid for keeping their money in savings accounts.

The image shows a check form with several fields and arrows pointing to them. The fields are: 'Your Name', 'Address', 'City, State, ZIP', 'Date', 'Pay to the Order of', '\$', 'Dollars', 'Bank Address', 'FOR', and ':122010448!: 08218598664 502'. Arrows labeled A through F point to the following fields: A points to the 'Pay to the Order of' line; B points to the 'Pay to the Order of' line; C points to the '502' in the top right corner; D points to the '\$' symbol; E points to the ':122010448!' part of the MICR line; F points to the signature line.

### 2. Referring to the check above, fill in the letter of each item below.

Check Number C      Who the Check is Paid To B      Signature Line F  
Numerical Amount D      Written Amount A      Account Number E

# Lesson 4: Interest

**Interest:** the price people pay to use borrowed money. It is also what banks pay customers for keeping their money in savings accounts.

**The two things that affect interest are:**

The interest rate (a percentage of the money borrowed) and the length of the loan.

**1. Jill takes out a loan for \$15,000 to buy a car.  
If she pays back the loan over 24 months, she will pay  
\$662.50 per month including interest.**

- a.. How much will she pay in interest by the time she repays the loan? **\$900**  
(\$662.50 x 24 months = \$15,900. \$15,000 is principal, \$900 is interest)
- b.. If she pays back the loan over 36 months, she will pay \$455.00 per month.  
How much interest will she pay if she takes longer to repay the loan? **\$1,380**  
(\$455 x 36 months = \$16,380. \$15,00 is principal, \$1,380 is interest)

**2. Mike has worked very hard to save money.  
He now has \$1,000 and is trying to figure out what to do with it.**

Mike is considering 3 options:

Option	Interest Per Year	a. How much will Mike earn after 3 years?
Keep it hidden in his room	\$0	<u>\$0</u>
Savings Account	\$25	<u>\$75</u>
3 Year Certificate of Deposit (CD) (\$45 per year with a 3 year commitment)	\$45	<u>\$135</u>

Which option should Mike choose if:

- a. He is going to need the money to purchase a new T.V. next week? Keeping it hidden or putting it in a savings account will allow easy access to the money.
- b. He is saving this money for college in 4 years? CD will earn the most interest. Since he doesn't need the money, this will make the most sense.
- c. He has no immediate plans for the money, but he wants to be able to use it if he needs it? Savings account will maximize interest while still allowing easy access.

# Lesson 5: Stocks

## Vocabulary:

**Stocks** \* **Share** \* **Shareholders**  
**Dividend** \* **Capital Gain** \* **Capital Loss**

**Stocks:** a way of owning part of a business without having to work at the business.

**Share:** A single stock. When you own a share, you own a small piece of a company.

- 1.** a. Dwyane purchases 200 shares of XYZ Company stock for \$15 / share.  
How much does Dwyane spend on his investment? **\$3,000** ( $\$15 / \text{share} \times 200 \text{ shares}$ )

**Shareholders:** someone who owns shares of stock.

**Dividend:** payment made by a company to its shareholders. When a company makes a profit, they may pay their shareholders their portion of the profit.

- 2.** a. After 1 year, XYZ pays its shareholders 40¢ per share in a dividend check.  
How much is Dwyane's dividend check? **\$80** ( $40¢ \times 200 \text{ shares}$ )

## Stocks can also be sold.

When a company does well, it becomes more valuable.

This can cause its share price to go up.

**Capital Gain:** The profit made when you sell a share of stock.

- 3.** a. After 1 year, Dwyane decides to sell 100 shares at \$17 / share.  
How much do Dwyane's 100 shares sell for? **\$1,700** ( $100 \text{ shares} \times \$17 / \text{share}$ )
- b. What are Dwyane's capital gains for this sale? **\$200** ( $100 \text{ shares sold for } \$1,700$ .  
They cost \$1,500.  $\$1,700 - \$1,500 = \$200 \text{ profit}$ )

## Stock prices can also fall.

**Capital Loss:** The money lost if you sell stocks for less than you paid for them.

- 4.** After 2 years, XYZ shares drop to \$11 / share. Dwyane decides to sell his remaining 100 shares. How much do the remaining 100 shares sell for? **\$1,100** ( $100 \text{ shares} \times \$11 / \text{share}$ )
- What are Dwyane's capital losses for this sale? **\$400** ( $100 \text{ shares sold for } \$1,100$ . They cost \$1,500.  $\$1,100 - \$1,500 = -\$400 \text{ loss}$ )