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1 INTRODUCTION

Our mission is simple at the Financial Literacy Committee\(^1\) of the New York State Society of CPAs:

*To reach out to children in order to guide them on their journey toward financial literacy and fiscal responsibility. We will expose them to engaging and instructional materials that will help them understand money and finances at an age-appropriate level.*

We are a dedicated group of individuals including accountants, attorneys, educators, mothers, fathers, and grandparents that are concerned about your financial education. It is important that you understand your personal finances so that you can:

- Save for things you want, need and desire
- Go on vacations
- Purchase luxuries
- Afford retirement
- Pay for your future kids’ college education

If you are reading this workbook you most likely have been to one of our great events where we aim to educate our future leaders about money. The following chapters you are about to read educate and teach many financial concepts we as a committee feel are appropriate for your children to know at each grade level. Many of the sections are addressed to the reader to educate yourself and then, in turn, your children. Some of the sections are addressed directly to the children. We recommend reading the workbook and going over the sections with your child that are addressed to them and also finding a way to introduce these concepts in everyday life.

We hope you find the tools given in the workbook to be of help and that you will share your knowledge with your friends and family.

The Financial Literacy Committee
of the New York State Society of CPAs
Nassau Chapter

\(^{\text{1}}\) [http://www.nysscpa.org/page/nassauchapterfinlitcom](http://www.nysscpa.org/page/nassauchapterfinlitcom)
2.1 Why To Have The Conversation

On LinkedIn one day in November 2014 we came across a blog written by Kathleen Murphy who works at Fidelity Investments titled “What 6-Year-Olds Can Teach Us About Getting Promoted.” After reading it we thought it was an amazing story and wanted to share it here as it expresses a few very important aspects of why our committee is devoted to promoting financial literacy. Enjoy the short blog and hopefully it clearly outlines to you what it did for us.

What 6-Year-Olds Can Teach Us About Getting Promoted

On what I assumed was going to be a pretty standard day at the office, I ended up learning a valuable life lesson about the power of self-confidence and optimism…and it was all thanks to a precocious six-year-old girl named Piper.

Piper is the daughter of a colleague, Karen, who recently had to bring Piper to the office. To keep Piper occupied while mom worked, Karen brought along some dolls and a “My Little Pony” coloring book and gave Piper a cubicle. Piper had no interest in playing with dolls or coloring. She wanted to be an intern and get to work. Upon sizing up the office environment, Piper very quickly wanted to know what it took to get an office (with a window view of course).

She introduced herself to some of the people around her, and the next thing her mother knew, she was having meetings with a variety of senior leaders in the department – asking them about their jobs and discussing what it would take to get promoted. What a little go-getter! At just six years old, this first grader is fearless. She doesn’t yet know about boundaries and what people are “supposed” to do or not do.

Contrast the Piper story with a very different experience I had just a few days later while visiting a high school as part of a financial literacy program. We were speaking to a class of 9th grade boys and girls to help educate them on basic financial knowledge. To get them engaged in the exercise, we played a quiz game for prizes. The questions were basic and we asked the kids to raise their hand if they knew the answer. To my astonishment, not one girl raised her hand during the entire game. Meanwhile the boys were fully tripping over one another to compete for the prizes.

We were stunned. These young girls – who clearly were bright and interested – were completely silent when the game started. You could almost feel society’s stereotypes settling in all around us as the game wore on. For me, it put a spotlight on the overall experience for young girls in their adolescence. What happens to them between grade school and high school that causes them to lose their self-esteem? Why are they so paralyzed by a fear of failure or not being "cool?"
I’m not an expert on child psychology, but I did some quick research. The National Science Foundation reports that 66% of 4th grade girls say they like science and math, yet only 18% of all college engineering majors are female. In an American Association of University Women’s report, 60% of elementary school girls feel “happy the way I am” vs. 29% of high school girls. And while 49% of those elementary school girls take pride in their school work, that number plummets to 17% in high school.

Now fast forward and you wonder what the consequences are of this early gender-divide later on in life when women go on to college, enter the workforce, get married, or pursue whatever path they choose to take in life. Unfortunately, I fear that the completely contrasting experiences I had with Piper and those high school girls provides insight into the constraints women place on themselves well into adulthood. These differing experiences underscore the cultural biases that impact how girls and women perceive themselves and how they ultimately proceed through life.

For example, an issue near-and-dear to my heart is the lack of confidence women have with regard to their finances. The good news is that we’ve made incredible advancements: we’re more educated and more financially independent than ever before. In two years women will make up 60% of undergraduate and graduate students in the U.S. [i] Today, 40% of women out-earn their spouse as the primary breadwinner in the household. [ii] Despite this progress, there’s no shortage of research in the marketplace showing a confidence gap for women in areas ranging from salary demands to career advancement.

A study we conducted last year with 800 couples at various stages in their relationship showed that women are still less confident than men about investing, they routinely defer to their spouse on financial decisions, and they actually believe men are better with numbers. In fact, only one in four Boomer women identify themselves as the primary decision maker for day-to-day financial decisions. And this is perpetuated among even our youngest couples – with only one in eight members of Gen Y calling herself the primary decision-maker.[iii]

This confidence gap is an issue that impacts all of us, whether you are a woman, or whether it’s your mother, wife, sister or daughter. At some point in a woman’s life – either due to longevity, divorce or other life choices, she is likely to be the sole financial decision maker. Women are fully capable of making these critical decisions and statistically do a very good job when they do. They cannot let confidence stand in the way of living to their full potential, particularly when it comes to being financially ready for the next stage of their life.

It’s clear we need to break this cycle. There’s no good reason why women shouldn’t be just as confident as men.
We can learn much from young girls like Piper. These young girls are not yet weighed down by stereotypes or conflicting emotions. They are not worried about whether it’s “cool” to be smarter than the boys. They aren’t preoccupied with their looks or their weight. They ask a lot of questions. They aren’t held back by fear of being wrong. They’re direct. They have high expectations. They are very capable and want to improve all the time.

As we each continue on our own journey, Piper is an excellent reminder of the power of possibility, the freedom that exists before bias sets in and the boundless optimism that propels us forward in any endeavor. We would all do well to take a page out of Piper’s book and channel our “inner six-year old.”

In case you’re wondering what ever happened to little Piper…you’ll be happy to know that before she left Fidelity that day, she was promoted to “senior intern” and got her window office.

[i] National Center For Education Statistics, Digest for Education Statistics, 2012

[ii] Pew Research Center Analysis of Decennial Census and American Community Surveys, 2011

[iii] The 2013 Fidelity Investments “Couples Retirement Study” analyzed retirement and financial expectations and preparedness among 808 couples (1,616 individuals). Respondents were required to be at least 25 years old, married or in a long-term committed relationship and living with their respective partner, and have a minimum household income of $75,000 or at least $100,000 in investable assets. This online, bi-annual study was launched in 2007, and is unique in that it tests agreement of both partners in a committed relationship on communication, as well as their knowledge of finances and retirement planning issues. Fidelity Investments was not identified as the sponsor. GfK’s Public Affairs & Corporate Communications division executed the study, which was fielded in May 2013. For more information, an executive summary and infographic can be found on Fidelity.com.

Views expressed are as of November 3, 2014. Unless otherwise noted, the opinions provided are those of the author and not necessarily those of Fidelity Investments.

2.2 What Is Money
At this young age, many children don’t understand exactly what money is. In simple terms, it is a piece of paper backed by the federal government that gives individuals a way to get what we need and/or want. It facilitates an exchange of something of value.

2.2.1 What Money Is Not
Money is not bartering. Bartering is to trade by exchange of commodities (i.e. goods or services) rather than by the use of money². For example, Person A might be great at construction but has no idea how to file his/her tax return. So Person A goes to Person

² http://dictionary.reference.com/browse/barter
B (their accountant) and offers to update their kitchen with the latest appliances in exchange for Person B doing their tax return. If this was to occur, bartering took place.

Explain this situation with your children and verify they grasp paying for items vs. bartering. Use examples that they can relate to.

2.2.2 How To Make Money
There are many different ways for people to make money as we all know. Make sure your child understands how you earn a living and how the family can live where you do, drive the cars you do, and go on the vacations you go on. You would be surprised to find out many families do not talk about finances to each other (husband and wife) let alone their children.

Here is your first activity:

Lots of kids (and adults) use a bank to store and save their money. But before adding to the bank, people have to EARN money. What are different ways YOU can earn money to fill this piggy bank? Use the bank above to jot some ideas then explain your ideas on the lines below.
2.3 **Careers vs. Jobs**

You could begin to distinguish a job from a career at these grade levels by indicating the different types of work that individuals can have along with the status of the job title.

A sample of different types of jobs include the following:
- Retail associate
- Fast food server
- Construction worker

A sample of different types of professional careers include the following:
- Management
- Finance
- Accounting
- Teaching
- Marketing
- Doctor
- Psychologist

These lists are not all inclusive but do indicate the social and professional status differences that are evident at face value.

Doctors and positions that require a lot of specialized training and education have a higher social status since there are fewer individuals and those career choices tend to earn higher salaries.

2.4 **Wants vs. Needs**

A **NEED** is a basic thing necessary to live, for example, a home, food, and clothing.

A **WANT** is something not necessary to live but you really desire or wish for it, for example, a new bike, video game or vacation.

Use the following table to set some personal financial goals of things you NEED and some personal financial goals of things you WANT.
Now that you have set your own personal financial goals, choose one that you want to achieve.

Write that goal here ________________________________.

2.4.1 Questions to Think About

1. Name three ways you can earn money to make that goal a reality.
   a. 
   b. 
   c. 

2. In order to reach your financial goal chosen, what should you do with your earned money? Choose the best answer.
   a. Spend it all
   b. Spend some and save some
   c. Save it all

3. Explain why you chose the answer you did for the last question?
2.4.2 Game
Help the kids achieve their financial goals by depositing (putting) their money in the bank!

Jokes!
- Where does a penguin keep its money? (In a snow bank!)
- When does it rain money? (When there’s change in the weather!)

Answers: 1) Nickel, 2) 50 Ways, 3) 11 Cents, 4) 30 Cents
2.5 Allowance

This is one way to help your children not only begin to learn the concepts associated with saving money, but also to learn the concepts associated with spending that money. The real lesson here is to live within your means. By beginning young you can instill those lessons and develop them through the years so when your children become adults, they have the traits necessary to make smart financial decisions.

Some of the benefits of giving your children an allowance and having them learn to make their own financial decisions include:

- Increase in self-confidence
- Ability to analyze alternative situations
- Ability to make rational decisions
- Ability to post-pone gratification

2.5.1 Allowance Guidelines

According to an article written by Mary Hiers titled “Average Allowances in America, By Age,” published through www.mint.com states the following:

- The average American family pays approximately 50 cents per week for each year of a child’s age. For example, a 10-year-old would get $5 per week.
- Another often-quoted allowance figure is $1 per week for each year of the child’s age, so an 8-year-old would receive $8 per week.

This can be a good way to keep things fair in households with multiple children.

- Allowance size depends on parents’ financial means and on what expenses they expect their children to be responsible for. A first grader, for example, may only be expected to use her allowance on small, discretionary purchases like goodies from the ice cream truck whereas a high school student may be expected to pay for clothing or gas, and would need to receive a proportionately higher amount based on age and responsibilities.

- Age 6 or 7 is a common age to start giving an allowance.

2.6 Spending Plans

At these ages the children do not need to know how to balance a budget or know any complicated formulas to see if they will have a surplus of cash or a deficit of cash at the end of the month. However, they do need to be exposed to the concepts that come along with spending money. The concept of opportunity costs – that if you spend $1 on an item, that same dollar cannot be spent on anything else. This goes with a person's time as well. If you spend your time at the store, you can't be at your friend’s house too.
2.6.1 Examples of Spending Money
See Appendix

2.6.2 Examples of Spending Time
Take some time to go over the following examples with your children and show them how you can spend your time at one party, either party, or none. Have them fill out the reasoning and have them explain to you why one would choose each option.

Your parents tell you that you may go to your friend’s house from 3pm-5pm. Both of your friends, Bobby and Nancy are having parties from 3pm-5pm. They are next door neighbors. How will you allocate your time between the two parties and explain why.

Please find the below charts in the appendix for extra writing room.

<table>
<thead>
<tr>
<th>Friends Name</th>
<th>Hours Allocated To Friends</th>
<th>Hours Spent @ Location</th>
<th>Total Hours Remaining</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bobby’s Party</td>
<td>2 hours in total</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Nancy’s Party</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Friends Name</th>
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<tr>
<td>Bobby’s Party</td>
<td>2 hours in total</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Nancy’s Party</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<th>Friends Name</th>
<th>Hours Allocated To Friends</th>
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<th>Reasoning</th>
</tr>
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<tr>
<td>Bobby’s Party</td>
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<td>2</td>
<td></td>
</tr>
<tr>
<td>Nancy’s Party</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In Example 3, ask your children what they would spend their time doing instead. Also ask why would someone choose not to attend either party? Do they have other obligations?

2.7 Opportunity Costs
By going over the examples outlined above in sections 2.6.1 and 2.6.2 your child will be exposed to the concepts of opportunity costs.
The definition of opportunity costs according to Investopedia⁴ is:

The cost of an alternative that must be forgone in order to pursue a certain action. Put another way, the benefits you could have received by taking an alternative action.

The examples listed on the website are the following:

1. The opportunity cost of going to college is the money you would have earned if you worked instead. On the one hand, you lose four years of salary while getting your degree; on the other hand, you hope to earn more during your career, thanks to your education, to offset the lost wages.

2. If a gardener decides to grow carrots, his or her opportunity cost is the alternative crop that might have been grown instead (potatoes, tomatoes, pumpkins, etc.).

The main benefit of understanding this concept is that your child will be able to make decisions and know that they cannot do everything and accomplish everything at once. Sometimes there are priorities that have to be established and one has to make choices.

2.8 Saving and How It Is Done

A document online found at Finance In The Classroom⁵ does such a great job at explaining what saving is and ideas around saving that we decided to duplicate the lesson here for you.

2.8.1 What It Is and Why It’s Important

Savings is the portion of income not spent on current expenditures. Because a person does not know what will happen in the future, money should be saved to pay for unexpected events or emergencies. An individual’s car may breakdown, their dishwasher could begin to leak, or a medical emergency could occur. Without savings, unexpected events can become large financial burdens. Therefore, savings helps an individual or family become financially secure.

⁴ http://www.investopedia.com/terms/o/opportunitycost.asp

From lesson 2.14.1
© Family Economics & Financial Education – December 2010 – Get Ready to Take Charge of Your Finances – The Secrets of Saving – Funded by a grant from Take Charge America, Inc. to the Norton School of Family and Consumer Sciences Take Charge America Institute at The University of Arizona

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Money can also be saved to purchase expensive items that are too costly to buy with monthly income. Buying a new camera, purchasing an automobile, or paying for a vacation can all be accomplished by saving a portion of income.

### 2.8.2 How Much Money Should Be Saved?

To be considered financially secure, an individual or household should save at least six months’ worth of expenses (there are some experts that argue an individual should save at least 1 year’s worth of expenses). For example, a household that has $2,000 per month of expenses should have at least $12,000 in savings ($2,000 multiplied by 6 months). To reach this amount, it is recommended that 10-20% of net income should be saved until the appropriate amount of savings is reached. Net income is the amount of an individual’s take-home pay after taxes and other deductions have been taken out of a paycheck.

### 2.8.3 Where Can Money Be Saved?

Some savers place their money in a jar, coffee can or a piggy bank. For short periods of time and small amounts of money, the piggy bank method may work, but long-term savers should use a safer method. It is wise to store money at a depository institution. A depository institution is a business that offers financial services to people, such as savings and checking accounts. Unlike money stored at home which could be lost to a fire, burglary, or some other type of disaster, money stored at a depository institution is protected from loss. Depository institutions offer accounts that earn interest, allowing customers to take advantage of the time value of money. The time value of money means money paid out or received in the future is not equivalent to money paid out or received today. Interest is the price of money. When depositing money at a depository institution, an individual may earn money from interest. The amount of interest earned is determined by calculating a percent of the total amount of money deposited. This percentage rate is known as the interest rate. Savings accounts, money market deposit accounts, and Certificate of Deposits are the most common depository institution accounts that earn interest. A savings account is an account with a depository institution that holds money not spent on current expenditures. Money can be kept in a savings account until the owner needs to use it for emergencies or to purchase expensive items. A money market deposit account is a type of account that pays a higher interest rate than a savings account. However, money market deposit accounts usually require more money to open and have limits on the number of times money can be withdrawn from the account every month.

A Certificate of Deposit (CD) is an account that pays interest on a lump sum of money. However, once money is placed into a CD, it is required to stay there for a specific period of time. If money is withdrawn early, the owner will have to pay a penalty fee. Once the time period is complete, the money and interest earned can be withdrawn. The interest rate money earns in a CD is usually higher than a money market deposit account and increases as the time period a person agrees to keep their money in the account increases and as the amount of money placed in the CD increases. When
money is saved in one of these accounts, the owner of the money has to do nothing and the value of money automatically increases! The higher the interest rate, the more money is earned. In addition to the interest rate, the amount of money saved and the length of time money is saved affects the interest earned. The longer money is left in a depository institution account, the longer money will have to earn interest.

Table 1 shows how $500.00 saved at 3% for five years increases to a total of $579.64.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Money Account Is Worth @ 3% Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$515.00</td>
</tr>
<tr>
<td>2</td>
<td>$530.45</td>
</tr>
<tr>
<td>3</td>
<td>$546.36</td>
</tr>
<tr>
<td>4</td>
<td>$562.75</td>
</tr>
<tr>
<td>5</td>
<td>$579.64</td>
</tr>
</tbody>
</table>

2.8.4 How To Begin
To help a person choose saving over spending money, money should not be viewed as what remains after current needs and wants have been satisfied. Pay yourself first is a popular and very effective saving strategy that can help individual's choose saving over spending money. Paying yourself first means to set aside a portion of money (10-20% of net income is recommended) for saving each time a person is paid before using any of the money for spending. To successfully practice the pay yourself first strategy a person should set personal goals. Setting goals helps a person choose to save rather than spend money. A goal is defined as the end result of something a person intends to acquire, achieve, do, reach, or accomplish. Financial goals are specific objectives to be accomplished through financial planning and include saving money. Setting goals helps an individual identify and focus on items that are most important to them and then make decisions that help obtain those items. While in the process of setting goals, an individual should consider the trade-offs to those goals. A tradeoff is giving up one thing for another. Every decision involves a trade-off. Being more financially secure in the future by saving is a trade-off to spending money in the present. If a person clearly understands what they are giving up in exchange for the benefits of saving money, then their saving goals will become more attainable and realistic. When considering the trade-offs to achieving savings goals, an individual should examine their current spending as well. Spending may have to be adjusted in order to reach a financial goal and practice the pay yourself first strategy.
3. GRADES 5-7

3.1 Decision Making

Decision making is one of the most important skills your child needs to develop. Decision making is crucial because the decisions your children make dictate the path their lives will take.

Teaching your children to make decisions has several benefits:

A) When they make a good decision, they can gain the greatest amount of satisfaction.

B) When your children make bad decisions they can learn from the experience.

3.1.1 Coach

You can help your children learn good decision making through coaching. This guidance allows them to see how a decision is thought through and arrived. You can help your children identify key aspects to arrive at the decision and take thoughtful steps to the decision. Afterwards, you can help them judge how good or bad it was and to learn from the outcome. Part of your children learning to make decisions is allowing them to make poor ones also. If properly handled, bad decisions can play a powerful role in your child becoming a good decision maker.

3.2 Get A Job!

There are many ways to earn money. At this age your children are hopefully doing chores around the house to earn an allowance. By allowing your children to make, save, and spend their money reinforces the lessons they learn and gives them the foundation to build their financial confidence.

Note that to some experts linking chores and family responsibilities to money is inappropriate. It might lead one to feel they have enough money to buy the items they want and therefore do not need to ‘work’ anymore. To get around this, depending on your child, it might be a good idea to link certain chores as family responsibilities and for doing them, you are helping the family; while other chores (i.e. mowing the lawn) can be linked to a dollar amount.
Circle the following activities you can do to earn money:

- Mowing The Lawn
- Deliver Newspaper
- Cleaning Your Room
- Play Video Games
- Watching TV
- Wash Dishes
- Ride Your Bike
- Go To School

3.2.1 Passive Income
There is a concept known as Passive Income. Passive income is when you do not have to physically or mentally partake in the activity to make the money. This is usually when one accumulates savings that earn interest or investments that earn dividends. That person is not actually working to make the money; the money is working to make money.

3.3 The Art and Science of Budgeting
Budgeting is both an art and a science. The fact that anyone can stay on a budget as long as they follow a set plan and properly execute it, is a valid argument that budgeting is a science. The argument that budgeting is an art is that budgeting is more of a creative process and there are ways to get what you want, but you need to figure out ways to do it. For these reasons, we believe budgeting is both an art and a science.

3.4 TYPES OF BANKING SERVICES OFFERED
Banks offer a variety of services to their customers. They do this to gain your trust in them so you will bank at their branches.

3.4.1 FDIC Insurance
The Federal Deposit Insurance Corporation (FDIC) preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift

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6 https://www.fdic.gov/about/learn/symbol/
institutions for at least $250,000; by identifying, monitoring and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails.

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.

The FDIC receives no Congressional appropriations - it is funded by premiums that banks and thrift institutions pay for deposit insurance coverage and from earnings on investments in U.S. Treasury securities. The FDIC insures approximately $9 trillion of deposits in U.S. banks and thrifts - deposits in virtually every bank and thrift in the country.

The standard insurance amount is $250,000 per depositor, per insured bank, for each account ownership category.

3.4.2 Bank Services
All of the services offered by banks to their clients are for their clients ease and convenience. For this, many of the services are offered online at the banks individual website. Some of the services that are offered include:

- 4 Online Bill Pay
- 5 Mobile Banking Access
- 6 Debit and Credit Cards
- 7 Gift Cards
- 8 Checking and Savings Accounts
- 9 CDs
- 10 Student Banking

3.5 GOOD LOANS vs. BAD LOANS

3.5.1 Good loans
Good loans are loans that you take out to benefit yourself individually, professionally, or out of necessity. These loans are not used to finance expensive discretionary spending (i.e. fancy cars and vacations). Examples of what we believe are good loans are student loans and mortgages on your primary residence. Let’s explain.

A student loan is a good loan in our opinion since you are bettering yourself by going to college or a trade school to learn a skill and hopefully get higher compensation. Plus, if you are under 25, you have many years left of work to pay your debts back even if the career choice does not work out.
A mortgage payment is the second good loan we believe since you need to live somewhere and you might as well put your money to work by putting it into a piece of real estate. There are certain exceptions for this and one should consult their professional advisor for the best course of action to take for their needs. However, usually, if you are going to live someplace for less than 4 years, it pays to rent. If you are going to live someplace for 5-10 years, or longer, it pays to buy. This is because over time, real estate tends to increase in value and your mortgage payments go towards the value of the real estate, as to when you pay rent, your rental payments go out the window into some else’s pocket.

See section 5.4 for more on this.

3.5.2 Bad loans
We believe that a bad loan is one which was taken out to finance your lifestyle when your cash flow cannot afford it. If you make $50,000 per year, and spend $60,000 per year, you are cash flow negative and need to get the extra money from somewhere. Many times, individuals will take out a second mortgage or a HELOC (home equity line of credit) on their house to pay for bills. This goes against everything that we try and teach.
4 GRADES 8-12

4.1 WORD FIND

Let’s start off with a little FUN! See how many words you can find!

<table>
<thead>
<tr>
<th>Money</th>
<th>Investing</th>
<th>Diversification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Rate</td>
<td>Credit Card</td>
<td>Hedge Fund</td>
</tr>
<tr>
<td>Federal Reserve</td>
<td>Budget</td>
<td>Prime</td>
</tr>
<tr>
<td>Interest</td>
<td>Money Management</td>
<td>Merger</td>
</tr>
<tr>
<td>Unemployment</td>
<td>Checking</td>
<td>Debt</td>
</tr>
<tr>
<td>Discount</td>
<td>Savings</td>
<td>Mortgage</td>
</tr>
<tr>
<td>Rate</td>
<td>Credit Report</td>
<td>Stock Market</td>
</tr>
</tbody>
</table>

4.2 BUDGETING

Making a budget is one of the most important things you can do to take control of your money. This allows you to keep track of your income and expenses. By painting this financial picture on a weekly, monthly, and/or yearly basis, it gives you the power to control where you spend your hard earned cash.
4.2.1 First Rule of Budgeting
SPEND LESS THAN YOU MAKE!

4.2.2 Structure
There are a few steps needed to make your budget.
1. Figure out how much you make for the period
   a. This is all sources of income including salary, bonus, commissions, interest, etc.
2. Estimate your hard expenses for the period
   a. These expenses are your necessary expenses you have to incur. Examples of these are your rent, telephone, utilities, and groceries (not including entertainment!)
3. Estimate your soft expenses for the period
   a. These expenses are your discretionary expenses you want to incur. Examples of these are your vacations, fancy car, cell phone, going out to dinners, movies, etc.
4. Review the period and compare actual to expected results
   a. This is arguably the most important of the steps. You must compare the actual vs. expected results so you can see where you must adjust going forward.

4.2.3 Sample Monthly Budget

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>BUDGET</th>
<th>ACTUAL</th>
<th>VARIANCE Favorable/(Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>$3,300</td>
<td>$3,300</td>
<td>$0</td>
</tr>
<tr>
<td>Interest</td>
<td>$25</td>
<td>$25</td>
<td>$0</td>
</tr>
<tr>
<td>Bonus</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Income</td>
<td>$3,325</td>
<td>$3,325</td>
<td>$0</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hard</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$0</td>
</tr>
<tr>
<td>Soft</td>
<td>$600</td>
<td>$1,200</td>
<td>($600)</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$2,100</td>
<td>$2,700</td>
<td>($600)</td>
</tr>
<tr>
<td><strong>SURPLUS/DEFICIT</strong></td>
<td>$1,225</td>
<td>$625</td>
<td>($600)</td>
</tr>
</tbody>
</table>

This budget shows that the individual did a good job of estimating their income, but did not remain on budget for their soft expenses. This could have been caused by going out to dinner more, or purchasing a new TV. This is OK, but must be budgeted for in the next month to verify you do not always operate at a deficit.
4.3 PAYCHECKS

4.3.1 Introduction

It cannot be stressed enough that you need to run your own calculations because companies, large and small, as well as banks, make mistakes. After all, they are all run by humans. Make sure you always keep track how many hours you work and what your hourly rate is so you can calculate how much money your employer owes you. This allows for better control over your budgeting process (see Financial Concept #1). Remember this is your gross amount due, not what you will be depositing into your account (the difference being taxes and withholdings).

Below is a worksheet you can use to practice these necessary calculations to figure out how much you would be receiving in your paychecks.

4.3.2 Example

DIRECTIONS: In the following example, employees are paid an hourly rate of $9.75 for the first 40 hours in a given week. Any hours worked over 40 are subject to the ‘time and a half’ rate. With the information provided, and the worksheet below, calculate the gross pay. The first one was done for you.

See the appendix section.

<table>
<thead>
<tr>
<th>HOURS WORKED</th>
<th># OF HOURS @ REGULAR PAY</th>
<th>REGULAR PAY</th>
<th># HOURS AT 1.5X PAY</th>
<th>OVERTIME PAY</th>
<th>GROSS PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>40</td>
<td>$390</td>
<td>0</td>
<td>$0</td>
<td>$390</td>
</tr>
<tr>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Assume that the taxes associated with this individual are 21% of the total. Calculate the net pay amount in the below worksheet.

<table>
<thead>
<tr>
<th>HOURS WORKED</th>
<th>GROSS PAY</th>
<th>DEDUCTIONS</th>
<th>NET PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>$390</td>
<td>$81.90</td>
<td>$308.10</td>
</tr>
<tr>
<td>45</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.4 YOUR INCOME AND HOW IT'S AFFECTED

4.4.1 Introduction
How much you make per year depends in part on some defined choices one makes (i.e. career choice) and some unforeseeable factors (i.e. economic environment). There are other factors that can lead one to make more or less than their industry peers as well. Not all factors can be listed since many are unforeseeable but one can always make proactive choices to make them more employable and increase their likelihood of succeed in any chosen field.

4.4.2 Factors
The following is a list of some factors that influence your employability and earning power.

Education:
- High School
- College Degree
- Master’s Degree
- Doctoral Degree
- Technical School

Family/Society:
- Family relationships
- Family business relationships
- How society views you

Certifications:
- Professional certifications you might achieve in your field of study

Personal Attributes:
- Motivation
- Determination
- Ability to envision success

4.4.3 Ensure your success
The following is a list of ideas one can do to increase their employability and ensure success.

- Take a communication and presentation class
- Join and partake in networking groups
- Join LinkedIn
- Find a mentor
- Join various associations
- Write down your goals and revisit once a year
4.5 SIMPLE INTEREST vs. COMPOUND INTEREST

4.5.1 Simple Interest Definition
A quick method of calculating the interest charge on a loan. Simple interest is determined by multiplying the interest rate by the principal by the number of periods\(^7\).

\[
\text{Simple Interest} = P \times I \times N
\]

Where:
P is the loan amount
I is the interest rate
N is the duration of the loan, using number of periods

*It is important to note that the I and the N have to be in equal period lengths. For example, if your interest rate is expressed in months, the duration of the loan (N) has to be the number of months as well. If your rate is expressed in years, the duration of the loan has to be in number of years.*

4.5.2 Compound Interest Definition
Interest calculated on the initial principal and also on the accumulated interest of previous periods of a deposit or loan. Compound interest can be thought of as “interest on interest,” and will make a deposit or loan grow at a faster rate than simple interest, which is interest calculated only on the principal amount. The rate at which compound interest accrues depends on the frequency of compounding; the higher the number of compounding periods, the greater the compound interest. Thus, the amount of compound interest accrued on $100 compounded at 10% annually will be lower than that on $100 compounded at 5% semi-annually over the same time period. Compound interest is also known as compounding\(^2\).

\[
\text{Amount} = P \left(1 + \frac{I}{n}\right)^{nt}
\]

Where:
P is the principal
I is the nominal annual interest rate in percentage terms
N is the number of compounding periods per year
T is the number of years

---

\(^7\) http://www.investopedia.com
4.5.3 Simple Interest Examples
1. If Jason wants to borrow $2,000 from the local bank at 8% interest for one year, how much will he pay in interest?
   a. Interest = $2,000 x .08 x 1 = $160

2. Now Jason wants to borrow $2,000 from the local bank at the same 8% interest, but not for one year, he wants to borrow it for 3 years, how much will he pay in interest now?
   a. Interest = $2,000 x .08 x 3 = $480
   b. Note that at the end of the third year, Jason would owe the bank $2,480 in total ($2,000 principal and $480 interest).

4.5.4 Compound Interest Example
1. Suppose your account offers an interest rate of 6% per annum (yearly) that is compounded quarterly (4x per year). You deposit $5,000 in the bank on day one. How much money will be in the account at the end of the first year, assuming compounding occurs?
   a. Amount = $5,000 (1 + (.06/4)^(4 x 1)) = $5,306.82
   b. Note that if simple interest was calculated the result would have been $300 in interest but the extra $6.82 was the result of compounding.

4.6 WEALTH ACCUMULATION

There are three elements to ensure that funds accumulate over many years. Whether you are saving for a new car or retirement, these three elements combine to truly maximize your returns in your portfolio.

4.6.1 Time
The first element is time. The sooner one starts saving for retirement the better. It allows for both the peaks and troughs of bull and bear markets to be smoothed. Time also allows for compounding of income. For example, let’s compare twins that both started working at the age of 25. Twin A started saving $500/month immediately at the age of 25. Twin B started saving $600/month at the age of 35. At age 65, who has more money? Twin A has more because they started earlier even though Twin B saved an additional $100 per month for 30 years. This is illustrated in Table I\(^8\).

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\(^8\) For conceptual purposes only this example assumes no interest and no appreciation in value; principal only.
4.6.2 Fees
The second element is fees. Look up and learn the difference between front end, back end and no load fees. A fee of 1% doesn’t sound like a lot, but one percent per year for 40+ years adds up. That’s money that could have been earning the benefits of compounding, reinvestments, and interest. If we take the example of Twin A who started to work at age 25 and saved $500/month until age 65, she would have accumulated $246,000. If this was subject to a 0.5% or 1% annual fee, Twin A would have accumulated the figures shown in Table II.

<table>
<thead>
<tr>
<th>Fee %</th>
<th>Earnings</th>
<th>Total Fees Paid By Age 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00%</td>
<td>$246,000</td>
<td>$0</td>
</tr>
<tr>
<td>0.50%</td>
<td>$222,000</td>
<td>$24,000</td>
</tr>
<tr>
<td>1.00%</td>
<td>$201,000</td>
<td>$45,000</td>
</tr>
</tbody>
</table>

4.6.3 Consistency
The third element is consistency. Many employees have a predetermined percentage deducted from their paychecks to go into an employer sponsored 401(k) plan. This consistency allows for dollar-cost averaging and new capital to be invested. Dollar-cost averaging is when an investor buys a security at different time increments so the investor does not invest all monies at an artificially low or overinflated price. Dollar-cost averaging allows the investor to purchase the investment at an average price. Investing every month, every year, allows real wealth to accumulate. The following graph shows the amount of accumulated returns at the assumed retirement age of 65 assuming a 5% annual return and saving $5,000 per year at different savings ages⁹.

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⁹ This example excludes taxes.
4.7 WHAT IS CREDIT AND USING IT WISELY

4.7.1 Definition
Credit is a person or entity deemed to have the ability to borrow money or value for a period of time whereas the lender believes the individual, or entity, will pay them back, in full at some point in time.

4.7.2 Credit Card Terms
- **Debt** – Monies that are owed or due.
- **APR** – Annual Percentage Rate that is charged for borrowing, expressed as a single percentage number that represents the actual yearly cost of funds over the term of a loan.
- **Term** – A fixed or limited period of time for which something is intended to last.
- **Fees** – Fees which credit card companies charge vendors for collecting money via a credit card.
- **Credit History** – Record of a consumer's ability to repay debts and demonstrated responsibility in repaying debts.
- **Credit Report** – Credit report is a summary of your financial history. Potential lenders will use your credit report to help them evaluate whether you are a good credit risk. The three major credit-reporting agencies are Experian, Equifax, and Transunion.
FICO Score – A person’s credit score calculated with software from Fair Isaac Corporation (FICO).

4.7.3 Types of Credit
- **Installment Credit** – Installment credit is a type of credit that has a fixed number of payments. Examples of these are mortgages, home construction loans, student loans, and a vacation loan.
- **Revolving Credit** – Revolving credit is a type of credit that does not have a fixed number of payments. An example of this is the use of a credit card.

4.7.4 Sources of Credit
You can get credit from the following places:
- Banks
- Unions
- Department Stores
- Automobile Dealers
- Government

4.7.5 The DOs and DON’Ts of Using Credit Cards
If you follow these simple guidelines you will never fall into credit card debt and your use of a credit card should be an enjoyable and worry-free one.

**DOs:**
- Spend within your means.
- Pay off your total amount due in full every month.
- Use your credit card early to build up credit.
- Check your credit report at least once a year to verify you are not a victim of identity theft.
- Research different options to choose the best credit card for you.

**DON’Ts:**
- Buy what you cannot afford.
- Pay the minimum amount due since this will cause you to pay interest charges.
- Use your credit card to purchase something you don’t intend to pay in full.
4.8 BASICS OF INVESTING

4.8.1 The Difference Between Saving and Investing

Saving and investing are not the same thing even though people sometimes use those words interchangeably. Knowing the difference can help you reach your financial objectives.

When you are saving, you are concerned primarily with securing your hard earned money, while not losing any of its value. Typically, savings are earmarked for an emergency or a goal. While saving money may preserve your money’s value, opportunities to grow your money are limited. Your "savings" are usually put into the safest places or products that allow you access to your money at any given time. Examples include savings accounts, checking accounts, and certificates of deposit. At some banks and savings and loan associations your deposits may be insured by the Federal Deposit Insurance Corporation (FDIC). But there’s a tradeoff for the security and ready availability (liquidity) of these savings methods: your money is paid a low wage as it works for you.

When you're investing, you give your assets the potential to grow over time. You typically reinvest your interest, dividends, and capital gains. Often you are prepared to take a little more risk with investment money than you are with savings. With the opportunity for growing your money comes the risk that your account value may decrease. When you "invest," you have a greater chance of losing your money than when you "save." Unlike FDIC-insured accounts, the monies you invest in securities, mutual funds, and other similar type of investments are not federally insured. You could lose your "principal," which is the amount you've invested. But when you invest, you also have the opportunity to earn more money than when you save. There is a tradeoff between the higher risk of investing and the potential for greater rewards.

4.8.2 The Rule of 72

This is a rule of thumb stating that in order to find the number of years required to double your money at a given interest rate, you divide the compound return into 72. The result is the approximate number of years that it will take for your investment to double\(^\text{10}\).

For example, if you want to know how long it will take to double your money at 12% interest, divide 12 into 72 and you get six years.

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\(^{10}\) http://www.investopedia.com/terms/r/ruleof72.asp
### 4.8.3 Investment Options
This is not an all-inclusive list but shows the main options for both saving and investing:

**Options for Savings:**
- Saving account
- Checking account
- Certificate of deposits (CD)

**Options for Investing:**
- Stocks
- Real estate
- Mutual funds
- Commodities (i.e. gold, silver, copper)
- Bonds

### 4.8.4 The Stock Market
The stock market is a place where shares of publicly held companies are issued and traded either through exchanges or over-the-counter markets. The stock market provides companies with access to capital in exchange for giving investors stock in the company. The stock market makes it possible to grow small initial sums of money into large ones, and to become wealthy without taking the risk of starting a business or making the sacrifices that often go with a high-paying career.

The stock market is a place where you can put your money to let it work for you. Many people are afraid of the market as many lost much of their money from the dot-com bubble (1997 to 2000) and the crash (2008 to 2009). The news of fraud cases which are beyond the control of individual shareholders also impacts the trust investors place in these companies.

By not investing you are securing your principal and limiting your growth potential. By investing you are allowing your money to work for you in an effort to maximize your growth potential. The stock market is a risky game for many who are unfamiliar, but is a necessity to ensure retirement.

We encourage you to research the market and its trends. Find out where analysts expect your favorite companies’ stocks to be trading. Perhaps start with a virtual account and when you feel comfortable start an account with real money.

### 4.8.5 Asset Allocation and Diversification
If you begin to invest in the market (i.e. the stock market) you must remember the two very important concepts. Diversification and asset allocation is what will save you from
losing a large portion of your investments in down markets (bear markets) and allow you to capture the upside during great markets (bull markets). You might not make an annualized 15% return but you will also not lose as much if the market goes sour.

4.8.5.1 Asset Allocation

Asset allocation is an investment strategy that allows the individual investor to balance their investment decisions based on their risk/reward appetite, goals, and investment horizon (i.e. time frame).

Many professionals look to establish the "proper" allocation among differing criteria. The most common are based upon current age and expected years to retirement. This is why many target-date funds are popular among individuals as the fund is supposed to change their allocation based upon the expected date of retirement for the investors in that fund.

There is no quick answer as to what allocation is best; rather the individual needs to decide what they feel comfortable with. In general, the younger the person is and further out from retirement, they can afford to make riskier investments that might allow for higher potential gains than others. This is only because they have time on their side and have a longer period to make up the loses if they occur.

For illustrative purposes only, look at the following example:

Small Cap Growth Stocks – 25%
Large Cap Value Stocks – 25%
International Stocks – 10%
Government Bonds – 15%
High-Yield Corporate Bonds – 15%
Cash – 10%

The overall mix in the above example is 60/40 of stocks (equities) to bonds (fixed income).

4.8.5.2 Diversification

Definition11:

A risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio of different kinds of investments will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio.

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Diversification strives to smooth out unsystematic risk events in a portfolio so that the positive performance of some investments will neutralize the negative performance of others. Therefore, the benefits of diversification will hold only if the securities in the portfolio are not perfectly correlated.

Personal asset allocation is the broad overview of your investments and their classifications based upon your risk level, horizon, etc. Once this is decided, you then have to make sure your investments are properly diversified.

Being properly diversified is when you have your portfolio spread over a variety of investments that have no dependence on each other. This way if one individual investment goes down, it is unlikely all the others will follow suit, and vice versa. This technique allows you to capture the upside while limiting your total losses, essentially not putting your eggs in one basket.

4.8.6 Stock Market Resources
The following is a list of some websites you can visit in order to obtain information on the market and to research individual public companies:

- www.nyse.com/index
- www.fidelity.com
- www.etrade.com
- www.finance.yahoo.com
- www.thestreet.com

4.9 YOUR FUTURE, YOUR CAREER
Choosing what field of study to choose when entering college is a scary task. Not only does it affect how you spend four years of your life, but will dictate where you live, what you do and how much money you make. This is a task that demands thought and careful planning. A misguided career choice can lead to wasted money, time and effort. Our goal is not to scare you with the possibilities of making the wrong choice but to bring to life one of the many serious decisions you are going to have to make as an adult.

It is important to follow your dreams and also be realistic. It is true that if you do what you love, you will never have to work a day in your life. But remember that every job has
its ups and downs, good days and bad days, so it’s important to choose something that will make you the most happy and satisfy you in whatever way that is.

For many they want their job to provide a steady income for their family and provide them with a surplus of materialistic items. Others want to help and care for people since that is what gives them the most satisfaction without receiving payment. Some want to own homes, boats and travel luxuriously and many others wish to rent, travel to local spots, and spend little money.

Think about your dreams and where you see yourself in 5 and 10 years. Think about what makes you, you. What makes you tick? What are your hobbies? Asking yourself these deep inner questions will come to express what types of jobs might best suit you. The Bureau of Labor Statistics is part of the United States Department of Labor, they maintain a website\textsuperscript{12} which can provide you with some of the statistics regarding your chosen field.

The BLS website will speak of the general types of careers which can be researched on the website.

\begin{itemize}
  \item Building
  \item Computers
  \item Food
  \item Helping People
  \item Law
  \item Money
  \item Math
  \item Media
  \item Music
  \item Reading
  \item Nature
  \item Social Studies
  \item Sports
  \item Teaching
\end{itemize}

\textsuperscript{12} \url{http://www.bls.gov/ooh/}
5 COLLEGE PLUS

At this stage of the game, you should look over the high school section of this workbook and become familiar with the concepts and techniques taught earlier.

This section will now discuss some topics that are specific to college students and individuals entering the working world (aka: real life).

5.1 Loving Your Job and Career

Many don’t understand the need to actually enjoy life and instead, upon graduating are in pursuit of the almighty dollar. It’s not until a few years from then that they realize money cannot buy happiness.

Make sure you really enjoy your chosen career. If you do not like it, try something new. There is no shame in going back to school to follow your heart. It is best to do this and experiment now, when you are young, and without responsibilities than when you have them.

It is also important to distinguish between a job and a career. According to the dictionary:

Job¹³ is defined as:

1. A piece of work, especially a specific task done as part of the routine of one's occupation or for an agreed price.
2. Anything a person is expected or obliged to do; duty; responsibility.

In other words, a job is something you do, or are obligated to do, in exchange for money.

Career¹⁴ is defined as:

1. An occupation or profession, especially one requiring special training, followed as one's lifework.
2. A person’s progress or general course of action through life or through a phase of life, as in some profession or undertaking:

In other words, a career is a continuous process that requires training, commitment, dedication, and usually defines one’s lifestyle.

¹³ http://dictionary.reference.com/browse/job?s=t
¹⁴ http://dictionary.reference.com/browse/career?s=t
5.2 Living On Your Own

5.2.1 Due-Diligence

The due-diligence phase should always be the first part of any major change. You will first want to evaluate your situation and the options you have to choose from. Then pick the best option for your given situation(s). Sometimes in order to educate oneself on the options available one must consult the expertise of an expert whether that be an accountant, attorney or other advisor. We recommend consulting with your financial experts.

Knowing how much you have to spend on rent or living expenses is really the first piece of the puzzle when it comes to living on your own. In order to know this you have to remember our budgeting chapter when we discussed budgeting for your hard and soft expenses. Your rent or mortgage payment is included in your hard expenses because you need a place to live. It doesn’t need to be fancy but you do need four walls and a roof.

Once you set up your budget you can run different scenarios by plugging in different rent/mortgage amounts to see how much you can really afford while still maintaining your savings rate.

It is also important to note the reliability of your income. If you have chosen a career and you have maintained your current position for 1+ years, you might have a steady source of income that is expected to increase over time. In that event, you might choose to get involved with a nicer place or a nicer neighborhood. If you have chosen a job that changes yearly, your income might not be as steady as you think. In that event, you might choose to get into an OK neighborhood or a smaller place.

The above topics are not meant to be all inclusive lists of your to-do due-diligence checklist but instead a start and a brief overview to get the thought process going. In many situations, it is best to consult either a financial professional or someone you trust that has gone through a similar situation.

5.2.2 Your First Apartment

- **Set a budget** - The conventional wisdom is to spend no more than 30 percent of your annual income on housing costs. But given low entry-level salaries and high housing costs, you may need to budget a little more if you’re living in expensive urban markets like New York City or San Francisco. "It totally depends on where you live," says Ornella Grosz, a speaker and author of Moneylicious: A Financial Clue for Generation Y. "You want to have a benchmark, but you don’t want to

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spend your entire paycheck on rent.” Websites like Rentometer.com and RentJungle.com/comparerent can give you an idea of rents in your target neighborhood so you can budget accordingly.

Splitting the rent with roommates can help cut costs, but you'll want to screen roommates carefully and "make sure they're people you'd actually want to live with," as Grosz puts it.

Once you find a potential apartment, ask about possible rent increases to gauge how quickly you could be priced out of that apartment. "Do they anticipate rental prices going up?" asks Grosz. "How do they justify increases in prices?"

✓ **Budget for the extras** – In addition to paying rent, you may also be responsible for paying bills like electricity, heat, telephone, cable and Internet.

You might need to adjust your price range if you discover that some higher-priced apartments included utilities, which made her overall costs higher than paying rent and utilities separately.

✓ **Position yourself as a desirable tenant** - Rentals move quickly in competitive markets, so have your references and checkbook ready when you start searching. In some markets, you'll be expected to pay a security deposit, first and last month's rent, a nonrefundable application fee, and possibly a broker or finder's fee before moving in, all of which can amount to several times the monthly rent.

✓ **Scope out the neighborhood** - Real estate agents have a saying: "location, location, location." This rings true for apartments as well as houses. Choose an apartment based solely on the interior, and you may wind up in a less-than-desirable neighborhood, far from friends, work or public transportation.

Also look at how the building or area is maintained. Are there signs that management will be slow to respond to tenants' concerns?

✓ **Consult a thorough walk-through** – Some people will rent off of Craigslist without seeing an apartment in person, which can lead to problems later, according to Deegan. "Any prospective tenant should make sure everything works: the stove, the refrigerator, any appliances, and make sure the water runs hot for half an hour if you take long showers," he says. Also document any preexisting issues like scratches on the floor or holes in the wall so they won't get deducted from your security deposit when you move out.

✓ **Get everything in writing** - Large apartment communities typically have you sign a lease, but individual property owners or landlords may be more lax about
paperwork. Whatever the scenario, don't rely on a handshake to seal the deal. According to Grosz, your lease should answer questions like, "how much notification do you need to give to move out? Is your security deposit refundable? Are you responsible for fixing up the apartment when you leave?" If you're uncertain about anything in your lease, have someone else review it. In fact, your college may offer lease-review services to students and recent grads.

5.2.3 Your First House

The first thing you'll need to determine is what your long-term goals are and then how home ownership fits in with those plans. It could be that you're simply looking to transform all those "wasted" rent payments into mortgage payments that actually give you something tangible. Others see home ownership as a sign of their independence and enjoy the idea of being their own landlord. Narrowing down your big-picture homeownership goals will point you in the right direction.

Considerations Before You Buy:

1. **What type of home best suits your needs?**
   You have several options when purchasing a residential property: a traditional single-family home, a townhouse, a condo, or a multi-family building with two to four units. Each option has its pros and cons, depending on your homeownership goals, so you need to decide which type of property will help you reach those goals. You can also save on the purchase price in any category by choosing a fixer-upper, although the amount of time, sweat equity and money involved to turn a fixer-upper into your dream home might be much more than you bargained for. (To examine your options, check out Does Condo Life Suit You? and Is A Housing Co-op Right For You?)

2. **What specific features will your ideal home have?**
   While it's good to retain some flexibility in this list, you're making perhaps the biggest purchase of your life, and you deserve to have that purchase fit both your needs and wants as closely as possible. Your list should include basic desires, like neighborhood and size, all the way down to smaller details like bathroom layout and a kitchen that comes with trust-worthy appliances.

3. **How much mortgage do you qualify for?**
   Before you start shopping, it's important to get an idea of how much a lender will actually be willing to give you to purchase your first home. You may think you can afford a $300,000 home, but lenders may think you're only good for $200,000 depending on factors like how much other debt you have, your monthly income and how long you've been at your current job. (For an introduction to the terminology and structure of a mortgage, read our tutorial Mortgage Basics.)

---

4. How much home can you actually afford?
On the other hand, sometimes a bank will give you a loan for more house than you
really want to pay for. Just like with the purchase of a new car, you'll want to look at the
house's total cost, not just the monthly payment. Of course, looking at the monthly
payment is also important, along with how much down payment you can afford, how
high the property taxes are in your chosen neighborhood, how much insurance will cost,
how much you anticipate spending to maintain or improve the house, and how much
your closing costs will be. (For help deciding what mortgage type is best for you, read
Shopping For A Mortgage and Make A Risk-Based Mortgage Decision.)

5. Who will help you find a home and guide you through the purchase?
A real estate agent will help you locate homes that meet your needs and are in your
price range, then meet with you to view those homes. Once you've chosen a home to
buy, these professionals can assist you in negotiating the entire purchase process,
including making an offer, getting a loan, and completing paperwork. A good real estate
agent's expertise can protect you from any pitfalls you might encounter during the
process. (Keep reading about this in Finding A Listing Agent and The Benefits Of Using
A Real Estate Attorney.)

The Buying Process:
1. Find a home.
Make sure to take advantage of all the available options for finding homes on the
market, including using your real estate agent, searching for listings online and driving
around the neighborhoods that interest you in search of for-sale signs. Also put some
feelers out there with your friends, family and business contacts. You never know where
a good reference or lead on a home might come from.

2. Consider your financing options and secure financing.
First-time homebuyers have a wide variety of options to help them get into a home,
including federally-backed loans and loans for homebuyers who don't have the standard
20% minimum down payment. Your state may also have its own programs for first-time
homebuyers. Your mortgage interest rate will also have a major impact on the total price
you pay for your home, so shop around. It will really pay off.

3. Make an offer.
Your real estate agent will help you decide how much money you want to offer for the
house along with any conditions you want to ask for, like having the buyer pay for your
closing costs. Your agent will then present the offer to the seller's agent; the seller will
either accept your offer or issue a counter-offer. You can then accept, or continue to go
back and forth until you either reach a deal or decide to call it quits. If you reach an
agreement, you'll make a good-faith deposit and the process then transitions into
escrow. Escrow is a short period of time (often about 30 days) where the seller takes
the house off the market with the contractual expectation that you will buy the house -
provided you don't find any serious problems with it when you inspect it.
4. Obtain a home inspection.
Even if the home you plan to purchase appears to be flawless, there's no substitute for having a trained professional inspect the property for the quality, safety and overall condition of your potential new home. If the home inspection reveals serious defects that the seller did not disclose, you'll generally be able to rescind your offer and get your deposit back. Negotiating to have the seller make the repairs or discount the selling price are other options if you find yourself in this situation.

5. Close or move on.
If you're able to work out a deal with the seller, or better yet, if the inspection didn't reveal any significant problems, you should be ready to close. Closing basically involves signing a ton of paperwork in a very short time period, while praying that nothing falls through at the last minute.

Things you'll be dealing with and paying for in the final stages of your purchase may include having the home appraised (mortgage companies require this to protect their interest in the house), doing a title search to make sure that no one other than the seller has a claim to the property, obtaining private mortgage insurance or a piggyback loan if your down payment is less than 20%, and completing mortgage paperwork.

Final Tips:
1. Keep saving.
With homeownership come major unexpected expenses, like replacing the roof or getting a new water heater. Start an emergency fund for your home so that you won't be caught off-guard when these costs inevitably arise.

2. Perform regular maintenance.
With the large amount of money you're putting into your home, you'll want to make sure to take excellent care of it. Regular maintenance can decrease your repair costs by allowing problems to be fixed when they are small and manageable.

3. Ignore the housing market.
It doesn't matter what your home is worth at any given moment except the moment when you sell it. Being able to choose when you sell your home, rather than being forced to sell it due to job relocation or financial distress, will be the biggest determinant of whether you will see a solid profit from your investment.

4. Don't rely on making a killing on your home to fund your retirement.
Even though you own a home, you should still continue to save the maximum in your retirement savings accounts each and every year. Although it may seem hard to believe for anyone who has observed the fortunes some people made during the housing bubble, you won't necessarily make a killing when you sell your house. If you want to look at your home as a source of wealth in retirement, consider that once you've paid off
your mortgage, the money that you were spending on monthly payments can be used to fund some of your living and medical expenses in retirement.

Remember that the more you educate yourself about the process beforehand, the less stressful it will be, and the more likely you will be to get the house you want for a price you can afford - and with a smile on your face.

5.2.4 Plan for the unexpected: A Healthy Reserve

It is important to make sure you have enough money in a cash account that in the rare and unfortunate circumstances that you lose your job or have no income for a period of time, you can still afford to pay the bills without losing your shirt. It is recommended by many to have at least 6 months to 2 years’ worth of expenses in a cash account in the event of one of these circumstances.

See section 2.8.2.

5.3 Cars (Leasing vs. Purchasing)

At this point in your life, your parents might not be footing the bill for your car anymore. It might become your responsibility to start paying for the monthly payment, insurance, gas and repairs. This is a significant undertaking and should also be planned for.

First, you must do your research. You should be visiting websites like www.cars.com and www.trucar.com to find the best price you can get for the make and model you are looking for. Second you are going to have to test out the cars you like and most importantly, can afford. Third, when it comes to negotiations, you are going to have to make a decision as to how to get the car.

The two options we are going to discuss are leasing and buying.

When you lease a car you are paying a monthly installment for the use of the car with certain restrictions and at the end of the term, you give the car back. When you purchase the car, you pay the monthly installments and when you are done paying the payments, the car is 100% yours.

It makes the most financial sense to purchase reliable car that requires little maintenance, take care of it, and own it for 10 years to get the full value. Very few people are willing to keep a car 10 years, let alone keep a car longer than 3 years. So if you are one of those that like getting a new car every few years, then leasing is probably your best option.
Example:
Tim Jones graduated college and needs to lease or buy a car in the next 2 months. He does his research and finds out that the best vehicle for his needs is a Honda Accord. He goes to the dealership and they present him the following options.

Tim Jones knows:
- He needs to make a decision in 2 months
- He can afford a maximum of $200 a month as a car payment
- He intends to keep the car for as long as possible so he can save money for his future apartment.

Dealership information:
- Options for leasing:
  - $2,000 down
  - 3 year term
  - 10,000 maximum mileage per year
  - Monthly installment of $150
- Options for purchasing:
  - $5,000 down
  - 5 year term
  - Monthly installment of $190

Calculation:

<table>
<thead>
<tr>
<th></th>
<th>Lease</th>
<th>Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Down Payment</td>
<td>$2,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Actual Monthly Payment</td>
<td>$150</td>
<td>$190</td>
</tr>
<tr>
<td>Term (in months)</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>Total Monthly Payments</td>
<td>$5,400</td>
<td>$11,400</td>
</tr>
<tr>
<td>Total Payments</td>
<td>$7,400</td>
<td>$16,400</td>
</tr>
<tr>
<td>AVG Amount Paid Over The Term Per Month</td>
<td>$206</td>
<td>$273</td>
</tr>
<tr>
<td>AVG Amount Paid Over Life Of Car Per Month</td>
<td>$206</td>
<td>$195 (7 Yrs)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$137 (10 Yrs)</td>
</tr>
</tbody>
</table>
As can be seen from the above table, if Tim chooses to purchase the car, his payment is still under his $200 threshold and after 5 years he owns the car. If the car is as high quality as he originally thought, in years 5-10 it will require basic maintenance. If Tim keeps the car for 10 years the average amount paid over the life of the car per month drops to $137 (saving Tim $69 per month). The illustration above does not take into account this maintenance as it is for illustration purposes only.

### 5.4 Rent an Apartment vs. Buy a Home

In section 5.2 we went over some basic information that one needs to know if they are looking into either renting or buying a home. We will now discuss the pros and cons of each situation. Again, this is not an all-inclusive list but rather an outline that could help access each option and give you insight as to which option is best for you, your goals, and your personality.

<table>
<thead>
<tr>
<th>RENT</th>
<th>PROS</th>
<th>CONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>❖ Ability to move and relocate easily.</td>
<td>❖ No tax benefits</td>
</tr>
<tr>
<td></td>
<td>❖ Not responsible for repairs,</td>
<td>❖ You are not building equity in a house that usually appreciates in value.</td>
</tr>
<tr>
<td></td>
<td>maintenance, and upkeep.</td>
<td>❖ Monthly payment can increase over time.</td>
</tr>
<tr>
<td></td>
<td>❖ Come and go as you please.</td>
<td>❖ Needs owners approvable before many renovations are done.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BUY</th>
<th>PROS</th>
<th>CONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>❖ Living stability in a community.</td>
<td>❖ Responsible for repairs, maintenance, and upkeep.</td>
</tr>
<tr>
<td></td>
<td>❖ Landlord cannot raise the rent on you.</td>
<td>❖ Subject to eminent domain.</td>
</tr>
<tr>
<td></td>
<td>❖ Ability to build equity in a house that usually appreciates in value.</td>
<td>❖ Cannot easily and quickly pick-up and move.</td>
</tr>
<tr>
<td></td>
<td>❖ Interest expense is tax deductible(^1)</td>
<td>❖ Houses are illiquid assets (cannot be converted to cash quickly).</td>
</tr>
<tr>
<td></td>
<td>❖ Real estate taxes are tax deductible(^2)</td>
<td>❖ Liable for property taxes.</td>
</tr>
<tr>
<td></td>
<td>❖ Ability to decorate and make renovations as you wish.</td>
<td>❖ Larger down payment is necessary.</td>
</tr>
</tbody>
</table>

\(^1\) Consult your accountant as rules vary from year to year and state to state.
\(^2\) Consult your accountant as rules vary from year to year and state to state.
5.5 Your Future…

By implementing your basics foundation of financial topics discussed here, you can start to take control and feel confident about the decisions you make today, tomorrow and into the future.

By having the knowledge today allows you to be prepared for that rainy day that comes. These rainy days come sooner or later, but by sticking to your budget, maintaining your savings, and continuously updating and re-evaluating your personal financial situation, you will be able to soften the bumps in the road.

5.5.1 Family Fun Finances

It is important to remember what you have learned in this workbook and to teach it to your current and/or future children. You as parents and guardians are the individuals they look up to and will come to seeking answers to their questions. Many parents do not talk about finances to their children. This is not uncommon since money is difficult to talk about and in many situations, inappropriate to talk about.

We hope that your family is a safe zone. A safe zone where your children, and even other people’s children, could come to and feel comfortable discussing money topics.

Many of the times this starts with the parents and how money is viewed in their eyes. We encourage spouses to talk about their finances, discuss budgeting together, decide spending decisions together, this way no one spouse is out of the loop. Way too often one spouse makes all the financial decisions and the other is not involved. This is a passive attitude toward your financial life and is not recommended. Who is going to care more about your money than you? The answer is usually no one. It pays to keep track of and be involved in all your financial decisions, especially in marriage where the actions of one spouse can positively and negatively impact the other without knowledge.

Start by being open with each other, and then pass that openness to your children.
6 CLOSING REMARKS

It is important to remember what you have learned in this workbook and apply it to the situations you find yourself in. Many times you will need the help of experts but that is why they are there, for you to ask questions. Plus, now that you have some basic financial topics and concepts understood, you can have a more intelligent conversation and hopefully illustrate your questions and points accurately, and teach your children wisely.

6.1 Take Aways

Here is a list of a few important take away lessons your child should have learned after a review of this workbook:

6.1.1 Take Aways For Kids

- The realities of life.
- How to be philanthropic.
- Good and bad uses of credit cards.
- Shopping wisely.

6.1.2 Take Aways For Adults

- **Tell kids the truth** – They see and understand much more than we realize sometimes. If you cannot afford something, explain why and how other items are of a higher priority.

- **Explaining how much things cost** – Go over the cost to live where you currently do. How much it costs for the family to eat, to live, to go out to dinner.

- **Realize kids learn what they live** – If you have a bad relationship with money your children will see that and think it’s the norm. If you take out tremendous loans to pay for a fancy car and don’t save anything, they will think that is the norm.

- **Give an allowance** – An allowance has many benefits discussed in earlier sections which we will not reiterate here. However, allowing kids the opportunity to have money and make their own decisions on how to spend, save, and invest it, teaches more valuable lessons than many others.

- **Start them saving and investing early** – There were sections of this workbook that went over the benefits of saving and investing young.
- **Reduce exposure to ads** – Advertisements are intended to stimulate impulse buying. Explain that to your children and make them aware of those emotions and how they shouldn't make impulsive decisions that were not thoroughly thought out.

- **Encourage kids to get a job** – A child that has a job from an early age will not only get the benefits of saving and making money, but they will get experience of forging professional relationships, the feeling of being responsible to a team, and begin forming their personality; these are just as important as the financial concepts that create a well-rounded individual.
7 AUTHORS

**Jarred R. Berman, CFE, CVA, CFIP**

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Special thanks to Lori Golan, Kathy Cantanno, Vicki DiStefano, and Liz O'Berg for their invaluable efforts and contribution in making this workbook come to fruition.
Section 2.4.1

1. Name three ways you can earn money to make that goal a reality.
   a. 
   b. 
   c. 

2. In order to reach your financial goal chosen, what should you do with your earned money? Choose the best answer.
   a. Spend it all
   b. Spend some and save some
   c. Save it all

3. Explain why you chose the answer you did for the last question?
Section 2.6.1
You received $20 as a birthday gift and $10 as an allowance from your grandparents and parents, respectively (go over what respectively means). Now you have a combined amount of $30. What toys from the selection below can you purchase and still have $10 to save?

<table>
<thead>
<tr>
<th>Toy</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulldozer</td>
<td>$7</td>
</tr>
<tr>
<td>Rocking Horse</td>
<td>$5</td>
</tr>
<tr>
<td>Race Car</td>
<td>$6</td>
</tr>
<tr>
<td>Airplane</td>
<td>$8</td>
</tr>
<tr>
<td>Winnie the Pooh</td>
<td>$5</td>
</tr>
<tr>
<td>Race Car</td>
<td>$5</td>
</tr>
<tr>
<td>Race Car</td>
<td>$10</td>
</tr>
</tbody>
</table>

Which toys did you purchase? ___________________________________________

<table>
<thead>
<tr>
<th>Total amount you have (A)</th>
<th>$30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Item #1</td>
<td></td>
</tr>
<tr>
<td>Item #2</td>
<td></td>
</tr>
<tr>
<td>Item #3</td>
<td></td>
</tr>
<tr>
<td>Item #4</td>
<td></td>
</tr>
<tr>
<td>Item #5</td>
<td></td>
</tr>
<tr>
<td>Total amount of items purchased (B)</td>
<td></td>
</tr>
<tr>
<td>Amount you have to save (A-B)</td>
<td></td>
</tr>
</tbody>
</table>

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Section 2.6.2

### Example 1: Time Evenly Split Between Both Parties

<table>
<thead>
<tr>
<th>Friends Name</th>
<th>Hours Allocated To Friends</th>
<th>Hours Spent @ Location</th>
<th>Total Hours Remaining</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bobby’s Party</td>
<td>2 hours in total</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Nancy’s Party</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Example 2: Time Only @ One Party

<table>
<thead>
<tr>
<th>Friends Name</th>
<th>Hours Allocated To Friends</th>
<th>Hours Spent @ Location</th>
<th>Total Hours Remaining</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bobby’s Party</td>
<td>2 hours in total</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Nancy’s Party</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Example 3: No Party

<table>
<thead>
<tr>
<th>Friends Name</th>
<th>Hours Allocated To Friends</th>
<th>Hours Spent @ Location</th>
<th>Total Hours Remaining</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bobby’s Party</td>
<td>2 hours in total</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Nancy’s Party</td>
<td></td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In Example 3, ask your children what they would spend their time doing instead. Also ask why would someone choose not to attend either party? Do they have other obligations?*
### Section 4.3.2

<table>
<thead>
<tr>
<th>HOURS WORKED</th>
<th># OF HOURS @ REGULAR PAY</th>
<th>REGULAR PAY</th>
<th># HOURS AT 1.5X PAY</th>
<th>OVERTIME PAY</th>
<th>GROSS PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>40</td>
<td>$390</td>
<td>0</td>
<td>$0</td>
<td>$390</td>
</tr>
<tr>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Assume that the taxes associated with this individual are 21% of the total. Calculate the net pay amount in the below worksheet.

<table>
<thead>
<tr>
<th>HOURS WORKED</th>
<th>GROSS PAY</th>
<th>DEDUCTIONS</th>
<th>NET PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>$390</td>
<td>$81.90</td>
<td>$308.10</td>
</tr>
<tr>
<td>45</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Count how much money is in the box and put that amount to the right.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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More Exercises

Count the coins and draw a line to the correct number.

3¢
4¢
6¢
7¢
8¢
How much do these items cost in your neighborhood?\textsuperscript{19}

\textsuperscript{19}www.mycutegraphics.com
9 OTHER RESOURCES

9.1 All Ages

- MakingCents, is a program from Smart investing@yourlibrary®, supported by the American Library Association and the FINRA Investor Education Foundation. It offers a broad number of resources links to assist anyone seeking to understand smart investing practices and to make the most of their money.
  - http://making-cents.org/resources1.htm.com/

- Top 10 Ways to Prepare for Retirement, from the U.S. Department of Labor's Employee Benefits Security Administration.

- EconEdLink - A leading source of online economic & personal finance lessons & resources for educators, students and afterschool providers.
  - http://www.econedlink.org/.com/

- Better Money Habits - A series of very brief and costless online videos across an array of financial topics created from a partnership between the Khan Academy and Bank of America.
  - http://www.bettermoneyhabits.com/

- One Savvy Dollar - Guidance to help young adults to make informed decisions regarding their borrowing and personal finance.
  - http://www.onesavvydollar.com

- 360 Degrees of Financial Literacy - guidance for each stage in a person life from the American Institute of Certified Public Accountants (AICPA)
  - http://www.360financialliteracy.org

- National Standards for K 12 - voluntary national standards for k – 12 Financial Literacy Education put out by the Jump$Start Coalition

- FDIC’s Money Smart - Virtual reality series of 8 learning modules targeting 12 to 20 year olds distributed via CD-ROM or print versions, available in 9 languages, shipped free from this site. This is also available as computer-based instruction online in English and Spanish.
9.2 Pre-teen through Teen

- Kids.gov for teens provides a safe and fun selection of games, videos and other materials to learn about employment, money, credit and savings.

- Junior Achievement - Foster work-readiness, entrepreneurship and financial literacy skills, and uses experiential learning to inspire students to dream big and reach their potential.
  - https://www.juniorachievement.org/web/usa/students

- VISA'S Financial Football - A fast-paced, NFL-themed video game developed by Visa, tests your money management skills by answering financial questions that allow you to move down the field and score touchdowns.

- Gen I Revolution - Provides online video games, promoting personal finance skills, for middle and high school students.

9.3 Young Children

- Kids.gov is a safe and fun selection of games, videos and other child friendly materials to learn about money, credit and savings.

- U.S. Mints H.I.P. Pocket Change - Games, Activities & Teaching Resources to examine the "History In your Pocket" (H.I.P.)
  - http://www.usmint.gov/kids/

- Centsables - Cartoon heroes based stories and games, payable on the internet, to teach financial literacy to young children. This site is available in English and Spanish.
  - http://centsables.com/lessons/

- Secret Millionaires Club - 26 short animated webisodes featuring Warren Buffett as a mentor to a group of entrepreneurial kids whose adventures lead them to encounter and solve financial and business problems. The series teaches the basic components of making sound financial decisions and starting a business.
  - http://www.smckids.com/