



Financial Literacy and Workforce Development Game Guide

The Wealth Factory

WealthyLife Financial Literacy

The Wealth Factory

Acknowledgements

Partners

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The Wealth Factory appreciates its partners' dedication to financially preparing the next generation to not just manage money – but life.

Instructor Guide

Goal Setting

- Engage with intuitive, interactive financial modules and games
- Empower with financial knowledge, perspectives and behaviors
- Exceed STEM Personal Finance Common Core Standards

Delivering Financial Literacy to Students

Given that every student has individual needs, our platform adapts to each student's performance to provide a unique learning experience. The program works well in various environments, including urban communities and special needs classrooms.

- Know the school/organizations policies regarding use of media.
- Don't focus too much on student discipline. Allow them to feel free to discuss questions and tasks with friends. Getting excited can be great, ensure you help them focus their energy.
- Arrive early to observe the students before instruction.
- Wear professional attire.
- Shake hands with each student to ease tension and build interest.
- Introduce yourself in a friendly manner and discuss your background.

Getting Started

- Start the class by stating this rule: The rule for this program is that there are no rules except for one. There will be no talking over one another. Only one person speaks at a time so that everyone ideas are respected.
- Ask the class a warm-up question to gauge the students' interest and familiarity with each particular financial goal. What knowledge or experience with the financial subject do they bring to the class.
- Example: Who can explain credit scores to me? Allow 2-3 students to provide their definitions and then explain the subject in detail.

Implementation

Teaching Strategies

- Use vernacular and examples that students can understand.
- Learn which students may have special needs, such as English as a second language or difficulty reading.
- Provide lecturing in 5 minute intervals in between interactive activities.
- Review What's News key points and Spell Off vocabulary words.
- Be patient with students that may be shy or have difficulty interacting.
- Be unbiased in your opinion of answers or comments that may provide. Avoid criticizing or rejecting wrong answers.
- When teaching math problems or formulas, demonstrate an example before asking the students to complete the problem.
- Ask questions to check for understanding frequently.

Student Management Strategies

- Talk in a low-medium voice to have students listen carefully. If the class becomes too noisy simply stop speaking and raise one hand.
- Ask for questions about clarifying any instructions before each task.
- Enable the students to support one another.
- Ensure rigorous discussions and active interactions to keep the class highly engaged.

Introduction

- Inform the students that you are a Young Money Manager. Explain that WealthyLife helps students learn financial literacy and workforce development through education technology games. Share the importance of financial literacy and how it connects personally to their lives.
- Help the students understand your relationship to the program and how excited you are to help teach them financial literacy and open bank accounts. You may also choose to add personal touches by sharing your own stories or tips for personal finance.

Course Components

Preparation

- Review the description, action items, what's news, tasks, spell offs, critical thinking questions, quizzes and surveys before each goal.
- Determine how best to arrange the students to optimize learning during tasks.

Time

- Each goal should take 1-2 hours to complete.

Materials

- WealthyLife participant guide
- Calculators (optional)
- Internet access (optional)

Description

- The description provides an overview of the financial goal, objectives, skills that the students will build with that goal.
- Leverage the descriptions to develop warm-up questions.
- Review the objectives and skills with students to ensure they have a clear understanding of what they should be learning for that goal.

Scope

- Scope provides a detailed list of all the tasks, quiz questions and survey questions that should be addressed in each goal.

Metrics

- Each goal is married to a metric that is based on quantitative analysis of the survey questions.
- The survey questions are based on scale points that range 0-2.

Course Components

What's News

- What's News provides detailed content to help educate students on specific financial topics.
- The information is written and should be relayed in an easy to understand format.
- Students should read and discuss the information.

Spell Off

- Spell Off represents key vocabulary words that relate to each goal.
- For additional interaction when time permits, allow students to compete against each other in "Spell Offs" to see who can recite the most definitions.

Tasks

- Tasks are actual assignments that range from reading, solving math problems to watching related YouTube videos.
- Students must complete all task in order to complete quizzes and should be provided assistance if needed.

Real World Review

- This section aims to generate thought leadership around real world topics that relate to each financial goal.

Success Goals

- The Success Goals section asks students to create financial promises to themselves at 1yr, 5yr and 10 yr intervals for each goal.
- Students should review these promises with their families to further holistically engage the family in financial literacy.

Course Components

Quizzes

- Quizzes stream directly from the content provided via What's News, Spell Offs and Tasks. For example, some questions may stem from content that is provided inside of a Task such as watching a video or completing an application.
- While questions are not tied to metrics, they must all be answered correctly on the first click in order to advance to the surveys and earn badges.
- Students can take a quiz twice before being asked to repeat tasks.

Surveys

- Each survey contains three quantitative questions and is tied to a corresponding metric.
- Surveys gather insights on the financial perspectives and behavior likelihood of individual students.
- The combined score of each goal's survey determines the risk level of each student for that particular metric.
- Survey scores may suggest that students repeat the tasks in that goal to gain a higher metric score.

Standard Education

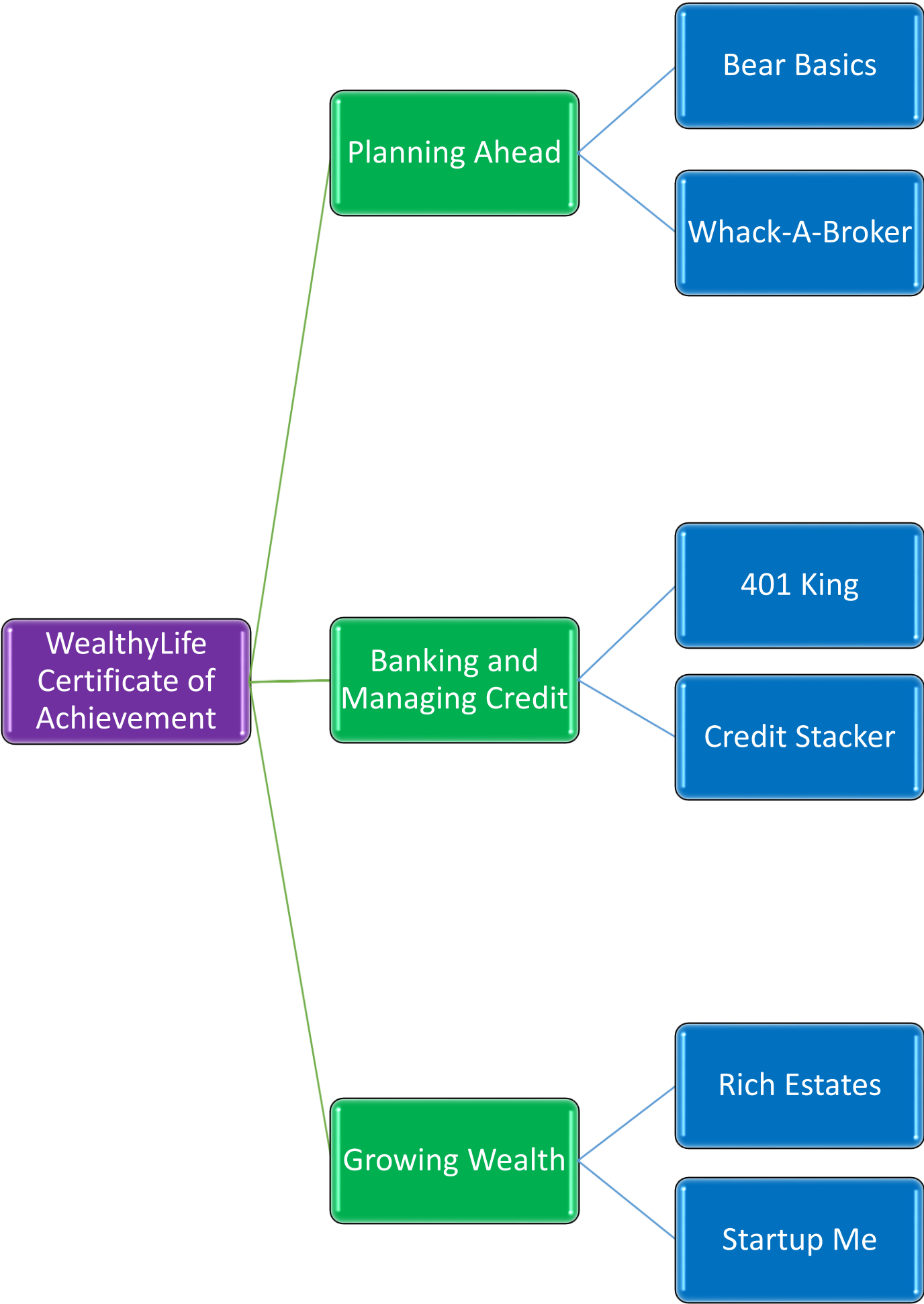
- Ask students to share anything new learnings or concerns that they have about each goal.
- Ask students how they might alter their behavior having just learned the information provided in each goal.
- Share and explain the Standard Education section provided at the end of quizzes and surveys.

Object Structure

Rewards

Badges

Goals



Reward

Students that complete WealthyLife will receive a Reward of a Certificate of Achievement.

To earn the reward students must earn 3 badges by completing 6 goals. Rewards will be made available to all students that complete the requirements.

Dashboard and Profile Description:

Certificate of Achievement

Full Length Description:

WealthyLife's Certificate of Achievement is awarded to students that have successfully earned all 6 financial badges by completing the 12 goals of positive financial behavior.

Certificates attest to the fact that a student has done exceptionally well in financial literacy and workforce development. It is an official document that can be added to their resume and school records.

Redemption Instructions:

To redeem the reward students must earn all 6 badges.

Upon earning the required badges the reward will unlock automatically to receive a printed Certificate of Achievement the last week of the program.

Metrics

Metrics are assessed for each goal in quantitative surveys.

To earn a reward, students must excel at all 12 metrics, in an effort to earn a total score of 72. To receive a reward students must earn at least 65 points.

Rubric:

High Risk: 79% points or lower earned

Moderate Risk: 80% points or higher earned

Low Risk: 90% points or higher earned

Not at Risk: 98% points or higher earned

Badges:

Badges are unlocked when students earn Low Risk status (90% points earned) for their outcomes.

Rockstar Badges:

Rockstar Badges are unlocked when students earn Not at Risk (98% points earned) for their outcomes. 3 Rockstar badges equals a Rockstar Reward. Students will receive an additional Achievement Award for Exceptional Financial Knowledge and Responsibility.

Badge	Metric	Points Max		
		Habits	Outcomes	IQ
Saving and Investing		15	6	8
Bear Basics	Budgeting	8	3	5
Whack-A-Broker	Investment Management	6	3	3
Banking and Managing Credit		16	8	7
401 King	Retirement Preparation	7	3	3
Credit Stacker	Credit Management	9	5	4
Growing Wealth		12	5	6
Rich Estates	Real Estate	7	2	4
Startup Me	Entrepreneurship	5	3	3

Badge 1 – Planning Ahead

Goal 1 – Bear Basics

DESCRIPTION:

Learn how to organize personal finances, use a budget to manage cash flow and recognize importance of utilizing a budget at any income level.

Students Will Understand How To:

- Develop a budget plan
- Evaluate banking and common loan financing options
- Describe income and spending habits changes throughout life

Skill Building:

- Point of view comparisons
- Technical analysis
- Evaluating options

SCOPE:

- Topics
 - Budgeting
 - Time Value of Money
 - Bank Accounts
 - Common Financing
- Interactive Tasks
 - Determine tuition costs
 - Create a budget
 - Real World Review
 - Success Goals
- Complete Quizzes and Surveys

METRIC:

- Budgeting
- .

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Interactive Tasks

One

Determine tuition costs:

- a. Compare the tuition costs of three different universities.
- b. Visit: <https://bigfuture.collegeboard.org/compare-colleges>
- c. Determine how much a student loan from each school would cost per month if you had to pay it back within 10 years after graduation.
- d. Select your preferred university and cost.

Example: Hampton charges \$30,000 per year. $\$30,000 \times 4 \text{ years} = \$120,000$. $\$120,000 / 10 = \$12,000$ per year. $\$12,000 / 12 \text{ months} = \$1,000$ per month. You would have to pay \$1,000 per month for 10 years to pay back Hampton’s tuition.

Two

Create a budget:

- a. Determine how much you can spend on other expenses. Rent must be less than 1/3 of income.
- b. Complete budget table with at least \$100 in savings.

	Expenses	Total
Income		\$30,000
Tuition	_____	
Housing (Rent)	_____	
Groceries	_____	
Utilities (Electricity)	_____	
Cell Phone	_____	
Insurance	_____	
Cable	_____	
Transportation (Car)	_____	
Debt (credit cards)	_____	
TOTAL	_____	
		\$ _____
Savings		\$ _____

Badge 1 – Saving and Investing

Goal 2 – Bear Basics

Interactive Tasks

Three

Real World Review:

<http://www.cicmoney101.org/Articles/Paying-For-College-How-To-Make-A-Budget.aspx>

Four

Success Goals:

1 Year _____

5 Years _____

10 Years _____

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Habits - Question 1

Question:

Preparing a detailed plan for future financial activities helps you...
Check all that may apply. [Must check all correctly to earn 2 pts,
partial response receives 1 pt.]

Answer Selections:

- a. 2 – Avoid overspending
- b. 2 - Assess your ability to reach your goals
- c. 2 - Identify necessary adjustments in your financial habits
- d. 2 – Pay your bills on time

Positive Response:

- a. Always budget for necessary items (needs) first.

Negative Response:

- a. Preparing a detailed plan for future financial activities helps you avoid overspending, assess your ability to reach your goals, identify necessary adjustments in your financial habits and plan future activities.

Standard Education:

- a. It is important for everyone, regardless of income level, to manage a budget.
- b. An critical step toward a sound financial future is keeping track of your money.

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Habits - Question 2

Question:

If the money coming in is less than the money going out during a certain period of time, you have a _____.

Answer Selections:

- a. 2 - Deficit
- b. 0 - Budget
- c. 0 - Surplus

Positive Response:

- a. Keeping your budget at a surplus takes strong financial self-control and willpower not to overspend.

Negative Response:

- a. If the money coming in equates to more than the money going out during a certain period of time, you have a surplus; if its opposite, you have a deficit.
- b. When TV broadcasters say that the government budget has a deficit of \$1 trillion, it means that the amount of money the government expects to bring in is \$1 trillion less than the amount it plans to spend.

Standard Education:

- a. **Financial self-control** is the discipline to be in command of your financial impulses, desires or actions.
- b. **Willpower** is having the strength to execute your decisions, wishes or plans.
- c. **Fees** are various costs associated with using a credit card.
- d. **Interest** is payment for the use of money (principal x rate x time).

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Habits - Question 3

Question:

Credit cards are _____.

Answer Selections:

- a. 0 – Used to pay for tuition or other school expenses
- b. 2 – Used to pay for any expense**
- c. 0 – Used to buy large items

Positive Response:

- a. Credit cards can be used anywhere or, if a store credit card, only at a specific place.

Negative Response:

- a. Credit cards are used to purchase any item, in case of emergencies or buy large items

Standard Education:

Credit Card Features

- Used to purchase any item, in case of emergencies or buy large items
- Use anywhere or, if a store credit card, only at a specific place
- No deadline for paying it off
- Varying interest rates and fees
- You must make minimum monthly payments based on card balance

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Habits - Question 4

Question:

Savings accounts pay interest? True or False

Answer Selections:

- a. 2 - True
- b. 0 - False

Positive Response:

- a. You can make deposits to the account and make withdraws without checks.

Negative Response:

- a. All savings accounts pay interest.

Standard Education:

Savings Account Features:

- Make deposits and withdraws without checks
- Use Automated Teller Machine (ATMs) to make withdraws
- Higher minimum balance requirement than a checking account
- All savings accounts pay interest

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Habits - Question 5

Question:

You should take the _____ into account when planning for the long run.

Answer Selections:

- a. **2 - Time value of money**
- b. 0 - Economy
- c. 0 - Value of the US dollar

Positive Response:

- a. Money saved in a bank account can earn interest. Money invested in the stock market may earn a rate of return.
- b. Money grows and can create more value with time.

Negative Response:

- a. You should take the time value of money into account when planning for the long run.
- b. The time value of money can make it easier for you to reach your financial goals.
- c. Time value of money can impact your savings dramatically.

Standard Education:

- a. **Time value of money** means one dollar today is worth more than one dollar in the future.
- b. **Compounding** is the process of accumulating the time value of money forward in time. For example, interest earned in one period earns additional interest during each subsequent time period.

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Habits - Question 6

Question:

To buy a _____ you will be required to keep money with the bank for a specific amount of time

Answer Selections:

- a. 0 - Money Market Account
- b. 0 - Stock
- c. **2 - Certificate of Deposit**

Positive Response:

- a. Certificates of Deposits (CDs) do not allow access to your funds until the end of the maturity period.

Negative Response:

- a. Certificates of Deposit (CDs) require account holders to keep money with the bank for a specific period of time.

Standard Education:

Certificate of Deposit (CDs) Features

- Required to keep money with the bank for a specific period of time
- No access to the CD until the end of the period (maturity)
- Terms range from a few days to several years
- Penalty charged to make withdraw before maturity

Money Market Account Features

- High minimum balance requirement and other restrictions
- Small number of checks and money transfers each month
- Usually a good interest rate

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Habits - Question 7

Question:

_____ is a cost you must pay for because it is a necessity of life or because you have signed a legal document, like a loan note, requiring you to pay.

Answer Selections:

- a. 0 – Variable Expense
- b. 0 – Fixed Expense
- c. **2 – Essential Expense**

Positive Response:

- a. An essential expense is also called a need.

Negative Response:

- a. An essential expense is a cost you must pay for because it is a necessity of life or because you have signed a legal document, like a loan note, requiring you to pay.

Standard Education:

- a. **Expenses** are all the things you pay for.
- b. A **discretionary expense** is a cost you choose to pay for but is not a necessity of life or an obligation that results from signing a contract. A discretionary expense is also called a want.
- c. **Fixed expenses** are the same every month, quarter, or year. Examples are rent, mortgage payments, car payments, insurance premiums, and other amounts that are determined by a contract.
- d. **Variable expenses** change from week to week or month to month. (i.e., food, clothes, and entertainment)

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Habits - Question 8

Question:

Which of the following is a required withholding.

Answer Selections:

- a. 0 – Insurance
- b. **2 – FICA taxes**
- c. 0 – Rent

Positive Response:

- a. While life or health insurance is an optional withholding, they are protections that should be in your budget.

Negative Response:

- a. Withholding is money subtracted from your gross pay in order to calculate your net pay.

Standard Education:

- a. Some withholding is required: federal, state and local income taxes and FICA taxes. Other withholding is optional, such as health or life insurance premiums and contributions to retirement savings plans.
- b. **FICA taxes** are amounts, calculated as a percentage of your gross income, that your employer is required to withhold from your pay to cover your contributions to Social Security and Medicare. Your employer contributes a similar amount.
- c. **Insurance** is protection against financial loss that an insurance company provides in exchange for a payment called a premium.

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Outlooks - Question 1

Question:

How well do you know how to manage a budget?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. A budget combines the results of your short-term budget over a long period of time.

Negative Response:

- a. The purpose of long-term budgeting is to help you figure out if and how, you can achieve financial goal in the future.

Standard Education:

- a. Budgets help you financially plan for short and long term needs.
- b. **Balance** is the bottom line difference between your income and expenses on your budget.
- c. A budget balance can be positive, if you spend less than your income, or negative if your expenses exceed your income.
- d. **Finance** is a subject that deals with the concepts of money, time, risk, and how they are related.
- e. **Financial Literacy** is possessing the knowledge necessary to understand concepts related to finance.

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Outlooks - Question 2

Question:

How well do you know how to determine if you can afford something?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. Understanding the difference between needs and wants can help you prioritize the things that are most important to buy.

Negative Response:

- a. Placing your needs and wants on a budget in order of priority can help make it easier to determine if you can not only afford something but also whether or not you should buy it.

Standard Education:

- a. Reducing expenses is one way to balance a budget and to increase your savings.
- b. **Needs** are things you must have in order to survive or meet the minimum living standards.
- c. **Wants** are discretionary expenses that may be delayed or substituted without affecting your ability to survive.

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial Outlooks - Question 3

Question:

How likely are you to follow a budget?

Answer Selections:

- a. **2- Extremely likely**
- b. 2 - Very likely
- c. 1 - Likely
- d. 0 – Somewhat/not likely

Positive Response:

- a. An essential part to managing your budget is knowing how much money you have, how much you earn, and how much you can spend.

Negative Response:

- a. The best money managers spend less than they earn. It is important for everyone, regardless of income level, to manage a budget.

Standard Education:

- a. An important step towards a sound financial future is keeping track of your money.
- b. **Spending plan** is another term for budget.
- c. It is a plan for balancing your income and expenses to produce a positive balance.

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial IQ - Question 1

Question:

Students loans are _____.

Answer Selections:

- a. **2 – Used to pay for tuition or other school expenses**
- b. 0 – Used to pay for any expense
- c. 0 – Used to buy large items

Positive Response:

- a. Student loans are from financial institutions and the federal government and will sometimes let you delay payment until graduation.

Negative Response:

- a. Student loans are used to pay for tuition or other school expenses

Standard Education:

Student Loan Features:

- Monthly payments and interest rates are usually adjusted annually
- May provide income tax breaks on interest paid
- Usually has lower interest than an installment loan or credit card
- Usually 10 – 20 year terms of payment

Installment Loan Features:

- Used to buy large items, such as a car or a home appliance
- Usually received from a store or financial institution for a purpose
- Deadline for paying it off can vary from a few months to years
- Monthly payments are set for the length of the loan
- Usually has a lower interest rate than a credit card

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial IQ - Question 2

Question:

_____ is money you earn for work you do, on savings and investments you make, and from gifts and other irregular sources.

Answer Selections:

- a. **2 – Income**
- b. 0 – Net income
- c. 0 – Gross income

Positive Response:

- a. Increasing your income is a great way to balance your budget.

Negative Response:

- a. Income is money you earn for work you do, on savings and investments you make, and from gifts and other irregular sources.

Standard Education:

- a. **Gross income** is the amount you earn before withholding.
- b. **Net income** is the amount you receive in your pay check after deductions for taxes, health insurance premiums, and other withholding.
- c. Net income is the amount you actually bring home to cover your expenses and savings.

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial IQ - Question 3

Question:

When using a checking account you ____.

Answer Selections:

- a. 0 - Are required to keep money with the bank for a specific period of time
- b. 0 - Have to pay interest on the money in the account
- c. **2 - Can make deposits to the account and write checks to make purchases**

Positive Response:

- a. Many banks offer savings and checking accounts to students older than age 13.
- b. You need a state-issued ID, social security card, proof of residence and a parent to co-sign.
- c. You may also need a minimum amount of cash to open the account; usually as little as \$25.

Negative Response:

- a. You can make deposits to the account and write checks to make purchases.
- b. Checking accounts are flexible, convenient and provide reliable access to your money.
- c. Most checking accounts do not pay interest.

Standard Education:

Checking Account Features:

- Flexible account
- Make deposits to the account and write checks to make purchases
- Convenient, frequent access to your money
- Use Automated Teller Machine (ATMs) to make withdraws
- Use debt cards to make purchases
- Most checking accounts do not pay interest

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial IQ - Question 4

Question:

Identify which of the following promotes financial independence. Check all that may apply. [Must check all correctly to earn 2 pts, partial response receives 1 pt.]

Answer Selections:

- a. 0 - Overspending on shopping
- b. **2 - Working for extra money**
- c. **2 – Obtaining higher education**
- d. 0 - Taking out loans that you can't afford
- e. **2 - Donating to charities**

Positive Response:

- a. The choice of going to college has a significant impact on your financial future.
- b. Even in the same company, an employee with higher education is more likely to get promoted or receive a larger raise.
- c. It's never too early to start planning or saving for college.

Negative Response:

- a. The more you learn, the more you earn.
- b. More education leads to a bigger paycheck.
- c. The median annual salary for young adults (ages 25-34) with a high school diploma is about \$29,000 and the median salary for those with a bachelor's degree is about \$45,000.
- d. The income gap for those with and without a college degree is likely to get wider as you get older.

Standard Education:

Get an early start on career exploration by trying out an internship. An internship is a great way to learn about a company, an industry, teamwork and even yourself. Do well at your internship and you may be offered a full-time job. 67% of US interns are given job offers after their internships.

Badge 1 – Saving and Investing

Goal 1 – Bear Basics

Financial IQ - Question 5

Question:

A budget is ____.

Answer Selections:

- a. 0 - A payment, or the promise of a future payment.
- b. 0 - Things you must have in order to survive.
- c. **2 - A plan for spending money, as well, as a planning tool for saving, investing, and donating your income.**

Positive Response:

- a. A budget is a careful plan for spending money received within a certain period of time.

Negative Response:

- a. A budget can be used as a plan of financial activities that considers the money you expect to bring in (cashflow) and the money you are going to spend (cash outflow).

Standard Education:

- a. A **budget** is a written plan for managing your income and expenses to avoid debt.
- b. **Income** is money earned through employment or investment.
- c. An **expense** is a particular payment of money.
- d. An **expenditure** is a payment, or the promise of a future payment.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Description:

Learn how to implement a diversified investment strategy that is compatible with personal growth.

Students Will Understand How To:

1. Evaluate savings and investment options to meet goals
2. Explain how and why the stock market works
3. Develop financial goals for the future based on lifestyle expectations, career plans and investment choices

Skill Building:

- Following directions
- Comprehension
- Applying mathematics

SCOPE:

- Topics
 - The Financial System
 - Investments
 - How Can You Invest Your Money?
 - What are Bonds and What are Mutual Funds?
 - Investment Stages
 - Investment Risk Profiles
- Tasks
 - Determine Risk Profile
 - Create a Diversified Portfolio
 - Real World Review
 - Success Goals
- Quizzes and Surveys

Metric:

- Investment Management

Badge 1 – Saving and Investing

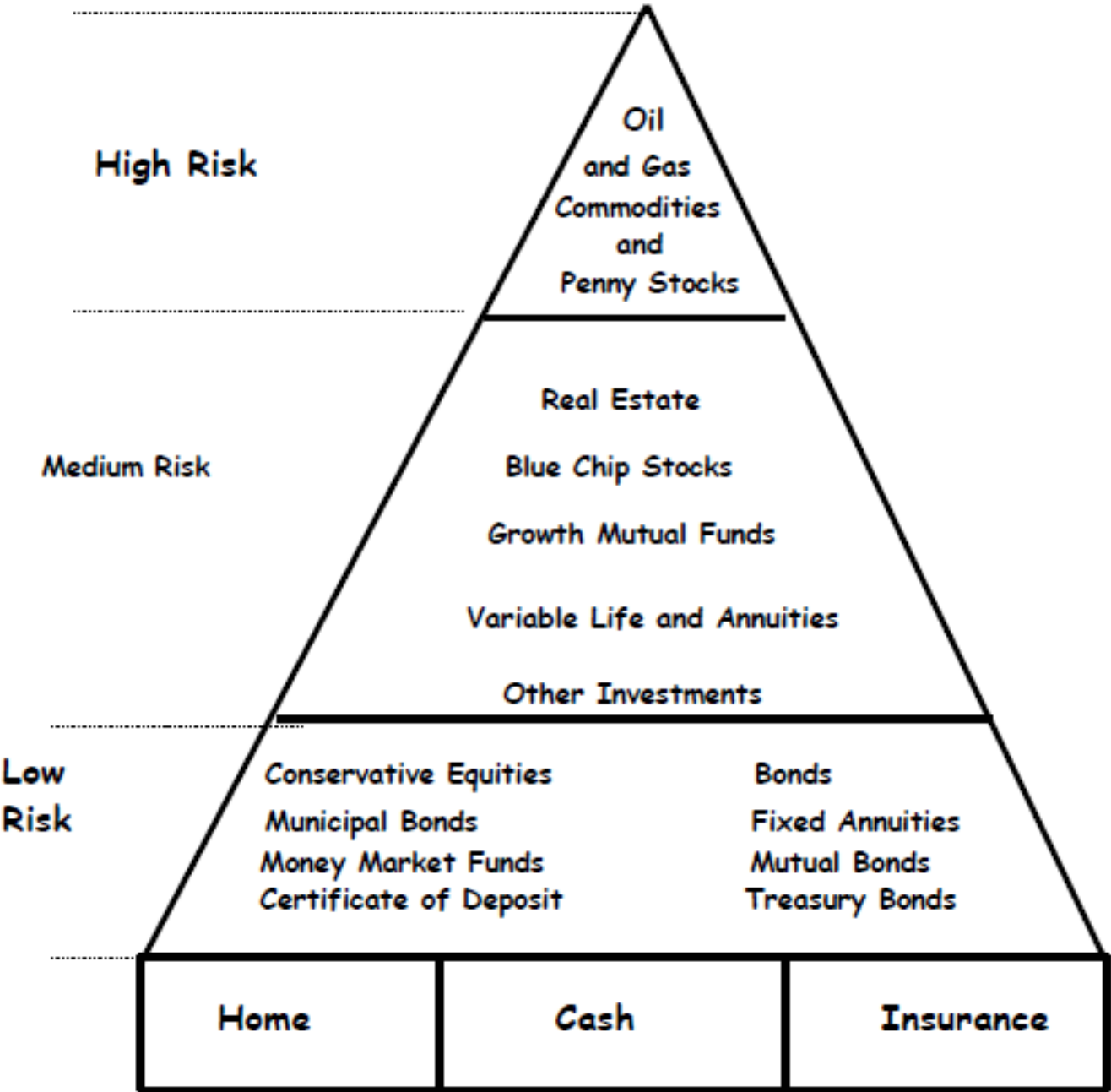
Goal 2 – Whack-A-Broker

Interactive Tasks

TASK 1

Determine Risk Profile:

- a. Review the risk profiles below.
- b. Draw a straight line on a sheet of paper.
- c. Write no risk on one end and extremely risky on the other.
- d. Place tick marks in between numbered 1-10.
- e. Make a circle around the tick mark where you would feel comfortable investing.
- f. What is your risk level and why?
- g. List 3 companies that you would be interested in investing in at your risk level.



Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Interactive Tasks

TASK 2

Create a Diversified Portfolio:

- a. Compare various stock prices and risk levels
- b. Visit: <http://finance.yahoo.com/lookup>
- c. Assess the earnings per share and market cap.
- d. Select 10 stocks to place in your portfolio with various risk levels.
- e. Look how the stock did over the past week, month, year, 5 years and 25 years.
- f. Assess if you notice any patterns in the stock when it goes up and down.
- g. Learn the history of the stock and growth rate.
- h. What factors determine whether or not the stock you selected will go up or down?
- i. Why are the stocks you selected good for a diversified portfolio?

TASK 3

Real World Review:

<http://money.cnn.com/magazines/moneymag/money101/lesson5/>

TASK 4

Success Goals:

1 Year _____

5 Years _____

10 Years _____

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Habits - Question 1

Question:

A stock represents_____.

Answer Selections:

- a. **2 - Ownership in a corporation**
- b. 0 - Value of a company
- c. 0 - Price paid for a share

Positive Response:

- a. Each share of stock represents a portion of the ownership.
- b. The value of your shares grow as the company makes more money (appreciates).

Negative Response:

- a. A stock represents ownership in a corporation.
- b. For example, Keen Corporation has issued 20,000 shares of stock, and you own 1,000 of them. You own 5% ($1,000 / 20,000$) of the company and are entitled to 5% of its profits.

Standard Education:

- a. **Stocks** are ownership of a corporation represented by shares that are a claim on the corporation's earnings and assets. A stock is an equity investment. When you buy stock in a corporation, you become a part owner. You have the right to dividends if the company pays them, the right to vote on certain corporate matters, and the right to sell your stock when you want.
- b. **Equity** is Ownership interest in a corporation in the form of common stock or preferred stock.
- c. **Equity investment** describes stocks, mutual funds, and similar investments that sell shares to investors who become part owners. As an owner you are entitled to investment income if it is paid and to vote for or against the board of directors and certain other issues.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Habits - Question 2

Question:

If you buy shares of stock of a company you don't get anything back.
True or False

Answer Selections:

- a. 0 - True
- b. 2 - False

Positive Response:

- a. You want to sell the stock at a higher price than you made for it to make a profit (capital gain); if not, you have a capital loss.
- b. Companies typically pay a portion of their profits to shareholders each quarter, or dividends.

Negative Response:

- a. You can sell the stock when the time is right to make more money.
- b. If you buy shares of stock of a company (ie. Google, Apple, Coach, Microsoft) you receive dividends periodically.

Standard Education:

- a. **Capital Gain** is the amount by which the sale price of an investment exceeds its initial purchase price.
- b. **Rate of Return** is the money you earn on an investment, stated as a percentage.
- c. **Shareholder** is an investor who owns shares of a corporation. Shareholders are owners of the corporation.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Habits - Question 3

Question:

It is hard to sell stocks when you want your money. True or False

Answer Selections:

- a. 0 - True
- b. 2 - False

Positive Response:

- a. It is first up to you to watch and learn the market.
- b. In addition to acting as agents or underwriters for companies in the process of issuing securities, investment banks also advise companies on matters related to the buying and selling of stock.
- c. If you buy and sell stocks frequently, the costs add up fast.

Negative Response:

- a. It is easy to sell stocks when you need cash, but the transaction is not free.
- b. Although the stock market can be very enticing, there is never a guarantee that you will make money or earn the same amount every year.

Standard Education:

- a. **Bank certificates of deposit (CDs)** or US Treasury bills are described as cash investments. That's because they're liquid, which means it's easy to convert them to cash at little or no loss of principal. You could lose some interest if you sell before the end of the investment's term.
- b. **Return** is what you get back on an investment, measured by the increase or decrease in its value, or market price, plus any dividends or interest the investment has paid. Return can be positive or negative.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Habits - Question 4

Question:

_____ is the largest stock exchange in the US.

Answer Selections:

- a. 2 - NYSE
- b. 0 - NASDAQ
- c. 0 - FINRA

Positive Response:

- a. There are many ways stocks are traded and the market could be a virtual marketplace.
- b. The stock market is a place where stocks are traded and is the most commonly referred to investment opportunity.

Negative Response:

- a. The New York Stock Exchange (NYSE) is the largest stock exchange in the US.
- b. It is located on Wall Street in New York City.

Standard Education:

- a. A **Stock Exchange** is an institution through which brokers and other investment professionals buy and sell stocks and other investments. A stock exchange may have a physical location or be connected by computers.
- b. The **New York Stock Exchange (NYSE)** has a physical location where traders communicate with each other in person to make a trade.
- c. In contrast, **National Association of Securities Dealers Automatic Quotation System (NASDAQ)** is a telecommunication network that connects buyers and sellers through computers so all trades are electronic. NASDAQ is an electronic quotation system that provides price quotations to market participants about the more actively traded common stock issues.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Habits - Question 5

Question:

The financial system covers everything that facilitates the transfer of _____.

Answer Selections:

- a. **2 - Money**
- b. 0 - Stock
- c. 0 - Interest

Positive Response:

- a. Components of the financial system include money, banks, credit card companies, government agencies, and the stock market.

Negative Response:

- a. The financial system covers everything that facilitates the transfer of money (i.e., capital, funds).

Standard Education:

- a. The **Stock Market** is the market in which shares are issued and traded either through exchanges or over-the-counter markets.
- b. The **Financial Regulatory Authority (FINRA)** is responsible for setting policy, supervising member activities, listing securities, overseeing the transfer of member seats and evaluating applicants.
- a. Pretend your goal is to save \$1 million in 40 years. Without earning any interest, you will have to save \$25,000 per yr. If the money is saved in a bank account and earn 3% interest per year, you would only need to deposit \$13,262 per year - almost half!
- b. Pretend you invested that money in the stock market and, on average, earned 8% rate of return each year, you would only need to save \$4,000 each year. Given the same 8% annual return in the stock market, the amount you have to save every month in order to achieve the goal is \$290!

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Habits - Question 6

Question:

Which of the following are ways to invest? [Must check all correctly to earn 2 pts, partial response receives 1 pt.]

Answer Selections:

- a. 2 – Bank Accounts
- b. 2 – Bonds
- c. 2 – Stocks
- d. 2 – Real Estate
- e. 2 – Mutual Funds

Positive Response:

- a. Bonds are debt securities.
- b. Stock represent ownership in a corporation.

Negative Response:

- a. You can invest via bank accounts, bonds, stocks, real estate mutual funds and other vehicles that gain value.

Standard Education:

- a. Carefully investing your money in the stock market is one of the best ways to achieve your financial goal.
- b. Pretend your goal is to save \$1 million in 40 years. Without earning any interest, you will have to save \$25,000 per yr. If the money is saved in a bank account and earn 3% interest per year, you would only need to deposit \$13,262 per year - almost half!
- c. Pretend you invested that money in the stock market and, on average, earned 8% rate of return each year, you would only need to save \$4,000 each year. Given the same 8% annual return in the stock market, the amount you have to save every month in order to achieve the goal is \$290!

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Outlooks - Question 1

Question:

How well do you understand how to make money by investing?

Answer Selections:

- a. 2 – Extremely well
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. You can make money on the stock market by receiving dividends and/or earning a capital gain.

Negative Response:

- a. When investing in stock, the value of your shares grow as the company makes more money (appreciation).
- b. You can sell the stock when the time is right to make more money.

Standard Education:

- a. **Capital gain** is your profit if you sell a capital asset for more than you paid to buy it. If you sell for less than you paid, you have a capital loss.
- b. A **capital asset** is something of value in which people invest with the expectation that they will receive investment income and/or be able to sell at a higher price than they originally paid to buy it. Stocks, bonds, and mutual funds are examples of capital assets.
- c. You can invest via bank accounts, bonds, stocks, real estate and mutual funds.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Outlooks - Question 2

Question:

How well do you understand how to assess investment risk?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. A sound financial plan is built on a foundation of home ownership, cash in the bank for emergencies, and insurance to protect your assets.

Negative Response:

- a. Although the stock market can be very enticing, there is never a guarantee that you will make money or earn the same amount every year.

Standard Education:

- a. **Diversification** is a strategy designed to reduce investment risk by combining a variety of investments.
- b. A **Portfolio** is a collection of investments owned by the same individual or organization

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial Outlooks - Question 3

Question:

How likely are you to make wise investments?

Answer Selections:

- a. **2- Extremely likely**
- b. 2 - Very likely
- c. 1 - Likely
- d. 0 – Somewhat/not likely

Positive Response:

- a. Making wise investments provide you with a sense of accomplishment, empowerment and discipline in managing your personal finances.
- b. Some investments provide higher, but more risky, returns, while others provide more stable, but lower, returns.

Negative Response:

- a. When you make wise, careful choices about where to bank or invest, how to avoid fees and save with high interest you are taking care of your financial responsibilities.
- b. While it is up to you to watch and learn the market, working with a broker can be a great way to start learning the market.
- c. Brokers can help identify which stocks to pick to make wise investments, ensure investment growth and create a diversified portfolio.

Standard Education:

- a. A **broker** is an investment professional who acts as your agent to buy and sell investments.
- b. Brokers work for companies called brokerage firms or broker-dealers.
- c. **Investment banking** is a division of banking that encompasses business entities dealing with creation of capital for other companies.
- d. **Investment income** is the interest or dividends an investment pays.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial IQ - Question 1

Question:

What are the life cycle stages of investing?

Answer Selections:

- a. **2 - Accumulation, Consolidation, Spending, Gifting**
- b. 0 – Accumulation, Maximizing, Balancing, Gifting
- c. 0 – Buying, Accumulation, Growing, Selling

Positive Response:

- a. Understanding the life cycle for investing helps you better prepare for retirement and make wise investment choices at your appropriate age.

Negative Response:

- a. The life cycle of investing covers four stages - Accumulation, Consolidation, Spending, Gifting

Standard Education:

- a. When you are young, you can focus on **accumulating** wealth by choosing investments with high returns because there's a long time before you reach retirement, temporary volatility will not affect you as much.
- b. During the **consolidation stage** you should change to a low-risk portfolio. As you grow older, the time to retirement gets shorter. Keeping what you have accumulated becomes even more important.
- c. Once you retire, you enter the **spending stage** as your income will not be sufficient to cover all the expenses.
- d. Later on, in the **gifting stage**, if you have properly managed your finances and made smart investment decisions, you will have more savings than needed for expenses during your remaining life.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial IQ - Question 2

Question:

Bonds are also known as _____.

Answer Selections:

- a. **2 – Debt securities**
- b. 0 – Deeds
- c. 0 – Stock certificates

Positive Response:

- a. If you invest a bond, you will receive an interest payment from the issuer periodically and get the principal back at the bond's maturity date.
- b. Treasury bonds are issued by the government.
- c. Municipal bonds are issued by state or local governments.
- d. Corporate bonds are issued by corporations.

Negative Response:

- a. Bonds or debt securities are contracts through which governments and corporations (the issuer) borrow money from investors (the bondholders).
- b. The issuer (a company or government) borrows money by selling the bonds to investors (bondholders).
- c. How much you get back on your bond depends on the interest rate.

Standard Education:

- a. A **bond** is a debt investment that pays interest as a percentage of its face value over a specific term, or period of time. The issuer promises to pay back the principal when the bond's term expires. Corporations, governments, and government agencies issue bonds, which are also known as fixed-income investments.
- b. **Securities** are paper certificates or electronic records evidencing ownership of equity (stocks) or debt obligations (bonds).
- c. **Face value** is the price of a bond when it is issued and the price at which it is redeemed at maturity, when its term ends. Face value is also called par value, and it's usually \$1,000 for bonds.

Badge 1 – Saving and Investing

Goal 2 – Whack-A-Broker

Financial IQ - Question 3

Question:

_____ is an entity that pools money from many investors and invests it in various investment opportunities.

Answer Selections:

- a. 0 – Bond
- b. **2 – Mutual Fund**
- c. 0 – Annuity

Positive Response:

- a. With a mutual fund, money from many investors is put together and invested.
- b. Through mutual funds, you can invest in a variety of investments you otherwise won't be able to buy.

Negative Response:

- a. A Mutual Fund is an entity that pools money from many investors and invests it in various investment opportunities.
- b. Bonds are debt securities.
- c. A bond mutual fund invest in various types of bonds.

Standard Education:

- a. If you don't have a lot of money to make investments, you can buy mutual funds.
- b. With a mutual fund, money from many investors is put together and invested.
- c. A stock mutual fund buys a large number of stocks.
- d. A hybrid fund splits the investments in both stocks and bonds.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Description:

Learn how to prioritize financial goals to create a long-term plan to achieve those goals and invest wisely to save for retirement.

Students Will Understand How To:

1. Identify and prioritize retirement needs
2. Plan and save for retirement
3. Maintain a long-term retirement strategy

Skill Building:

- Long-term planning
- Point of view comparisons
- Decision-making

Scope:

- Topics
 - Banks
 - Choosing a Bank Account
 - Banking
 - Retirement
- Interactive Tasks
 - Choose a Bank
 - Plan Your Retirement
 - Real World Review
 - Success Goals
- Quiz and Survey Questions

Metric:

- Retirement Preparation

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Interactive Tasks

TASK 1

1. Choose a Bank:
 - a. Search the web to learn about various banks.
 - b. Visit: <http://www.findabetterbank.com/>
 - c. Review there services, locations, bank hours, interest rates balance requirements, fees and financial offerings.
 - d. List 1-2 banks that you would be interested talking to someone about opening a savings account.

TASK 2

2. Plan Your Retirement:
 - a. How much money will you have saved?
 - b. What will be your monthly expenses?
 - c. What age do you plan to retire?
 - d. What type of car will you have?
 - e. What investments will you have?
 - f. What type of home will you own?
 - g. Will you travel the world and/or have hobbies?

TASK 3

Real World Review:
<http://guides.wsj.com/personal-finance/retirement/what-is-a-401k/>

TASK 4

Success Goals:

1 Year _____

5 Years _____

10 Years _____

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Habits - Question 1

Question:

Retirement planning is _____.

Answer Selections:

- a. 0 - Saving money into a retirement account without immediately paying taxes.
- b. 0 - Compensation received by the employee after he/she has retired.
- c. **2 - The process of determining retirement income goals and the actions and decisions necessary to achieve those goals.**

Positive Response:

- a. Future cash flows can be estimated to determine if the retirement income goal will be achieved.

Negative Response:

- a. Retirement planning is the process of determining retirement income goals and the actions and decisions necessary to achieve those goals.

Standard Education:

- a. Retirement planning includes identifying sources of income, estimating expenses, implementing a savings program and managing assets.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Habits - Question 1

Question:

_____ is a retirement plan sponsored by an employer.

Answer Selections:

- a. 0 - Pension
- b. 2 - 401 K**
- c. 0 - Life Insurance

Positive Response:

- a. A key factor in the retirement planning process is the rate of return you expect to earn on your investment.

Negative Response:

- a. 401 K is a retirement plan sponsored by an employer.
- b. A pension is essentially compensation received by the employee after he/she has retired.

Standard Education:

- a. 401 K is a retirement plan sponsored by an employer. It's important to build a diversified portfolio with your 401 K to protect your money.
- b. A pension is post-retirement benefits that an employee might receive from some employers.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Habits - Question 2

Question:

If you put money in a retirement account you do not have to pay taxes on it. True or False

Answer Selections:

- a. 0 - True
- b. 2 - False

Positive Response:

- a. Individual Retirement Account (IRA) is a special investment account that allows the owner to defer paying taxes on money saved for retirement.

Negative Response:

- a. The government allows you to save money into an individual retirement account without paying taxes immediately, but the tax is due when you withdraw money from the account.

Standard Education:

- a. An individual retirement account (IRA) allows you to contribute up to \$5,000 a year into your retirement fund without having to pay taxes on that amount.
- b. Without using the IRA, you need to pay taxes on your income before investing it.
- c. It is almost like getting free money, take advantage!

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Habits - Question 3

Question:

Which investment method usually renders the highest rate of return over time?

Answer Selections:

- a. 0 - Savings Account
- b. 0 - Car Purchase
- c. **2 - Stock Market**

Positive Response:

- a. Since 1920 the average annual return on an investment made in the stock market has been 12%.
- b. Although the stock market can be very enticing, there is never a guarantee that you will make money or earn the same amount every year. It is up to you to watch and learn the market.

Negative Response:

- a. For nearly 100 years, investments have provided the highest average rate of return, mainly via stocks
- b. Some investments provide higher, but more risky, returns, while others provide more stable, but lower, returns.

Standard Education:

- a. If you save \$1,000 per year in a savings account, starting at age 22 before retiring at the age of 65 and earn an average return of 2% a year, you will have about \$67,000 upon retirement.
- b. If the money is invested in the stock market, at an average return of 8%, you will have more than \$329,000 for retirement.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Habits - Question 4

Question:

_____are not-for-profit institutions that offer financial services.

Answer Selections:

- a. 0 - Savings and Loan Associations
- b. 0 - Banks
- c. **2 - Credit Unions**

Positive Response:

- a. **Annual fees** for accounts are charged yearly like membership fees and usually range between \$0 and \$50.

Negative Response:

- a. **Credit Unions** are not-for-profit institutions that offer financial services, similar to those offered by a commercial bank.

Standard Education:

- a. A **bank** is an organization, usually a corporation, chartered by a state or federal government, which does most or all of the following: receives demand deposits and time deposits, honors instruments drawn on them, and pays interest on them; discount notes, makes loans, and invests in securities; collects checks, drafts, and notes; certifies depositor's checks; and issues drafts and cashier's checks.
- b. **Savings and Loan Associations** are financial institutions that accepts savings deposits and invests the bulk of funds received into mortgages.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Habits - Question 5

Question:

A _____ is held by an investor at a financial institution.

Answer Selections:

- a. **2 – Bank Account**
- b. 0 – Credit Card
- c. 0 – Deposit Slip

Positive Response:

- a. Unlike a brokerage account, which allows an investor to buy and sell securities, a bank account is used for savings.
- b. The bank uses the difference between the rate it collects from the borrowers and the rate it pays to savers (spread) to cover its expenses of doing business and to make a profit.

Negative Response:

- a. A bank account is held by an investor at a financial institution.
- b. The financial institution holds the money for the investor.

Standard Education:

- a. **Banking** is the business of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to earn a profit.
- b. **Financial institutions** collect funds from the public and place them in financial assets, such as deposits, loans, and bonds, rather than tangible property.
- c. **Depository institutions** provide similar services to people and businesses that need to save or borrow money such as credit unions, savings and loan associations and mutual savings banks.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Habits - Question 6

Question:

_____ perform the traditional functions of collecting deposits and lending. This is where you would open a checking account.

.

Answer Selections:

- a. **2 – Commercial Banks**
- b. 0 – Investment Banks
- c. 0 – Mortgage Banks

Positive Response:

- a. As banks collect savings from people, it uses the money to make loans to people who need more money.
- b. When making a loan, the bank charges an interest rate.
- c. Commercial banks offer a range of deposit accounts, including checking, savings and time deposits, and extends loans to individuals and businesses.

Negative Response:

- a. Commercial banks perform the traditional functions of collecting deposits and lending. This is where you would open a checking account.

Standard Education:

- a. Investment banks are financial institutions that help corporations and governments raise capital by designing and marketing securities (stocks, bonds, etc.)
- b. Mortgage banks are those that specialize in facilitating real estate transactions by bringing borrowers and lenders together.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Habits - Question 7

Question:

A _____ is a deposit account at a financial institution that allows the holder to write checks against deposited funds.

Answer Selections:

- a. **2 – checking account**
- b. 0 – savings account
- c. 0 – money market account

Positive Response:

- a. A bank or credit union checking account is the least expensive and safest way to manage your money and pay your bills.
- b. Most banks charge an ATM fee for withdrawing cash, but if you withdraw at an ATM they own it's free.
- c. When selecting a bank, aim to find one that has plenty of ATMs near you to eliminate ATM fees.
- d. Always keep track of your balance to avoid non-sufficient funds (NSF) fees. NSF means you don't have enough money to cover an expense charged to your account.

Negative Response:

- a. A **checking account** is a deposit account at a financial institution that allows the holder to write checks against deposited funds.

Standard Education:

- a. Some states require banks to offer basic checking account for free with no minimum balance requirement.
- b. There may be limits on the number of checks or ATM withdrawals allowed without a fee.
- c. Always try to choose the least expensive account that will meet your needs.
- d. A **check** is a negotiable instrument drawn against deposited funds, to pay a specific amount of money to a specific person upon demand.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Outlooks - Question 1

Question:

How well do you understand how to prepare for retirement?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. Given a target retirement age and savings amount, you can determine how much money you must save each year in order to reach the goal.
- b. Ensure you have written down your top five short-term goals and five long-term financial goals that really matter to you.
- c. If possible, try to put dates for when you want to accomplish your top goals.

Negative Response:

- a. You should start saving for retirement at the same time you start receiving income
- b. The earlier you start to save the faster you can reach your goal.
- c. Start by down writing your top five short-term goals and five long-term financial goals that really matter to you.

Standard Education:

- a. A **savings account** is a deposit account at a financial institution that pays interest, but cannot be withdrawn by check writing.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Outlooks - Question 2

Question:

How likely are you to start saving for retirement before age 21?

Answer Selections:

- a. **2 - Extremely likely**
- b. 2 - Very likely
- c. 1 - Likely
- d. 0 – Somewhat/not likely

Positive Response:

- a. Start saving now so you can have capital later!
- b. Some bank accounts have a minimum balance requirement, requiring you to have at least a certain amount of money in the bank at all times.
- c. Some accounts charge fees for banking, using the ATM or bouncing checks.

Negative Response:

- a. Seek a Financial Advisor to help you start planning for retirement. You can find many that will help for free.
- b. Based on annual deposit, you can estimate how long it will take for you to reach your retirement goal; or given a target retirement age, you can determine how much money you must save each year in order to reach the goal.

Standard Education:

- a. **Capital** is financial resources available for use.
- b. A **Financial Advisor** is a professional offering financial advice to clients for a fee and/or commission.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial Outlooks - Question 3

Question:

How important to you is it to you to have a savings and checking account?

Answer Selections:

- a. 2 – Extremely important
- b. 2 – Very important
- c. 1 – Important
- d. 0 – Somewhat/not important

Positive Response:

- a. When you have checking account, you can usually avoid monthly fees if you have money deposited directly into your account every pay period.
- b. A good practice is to send 10-20% of your pay check to your savings account each pay period.

Negative Response:

- a. Most often, having a checking account is the easiest way to receive your paycheck via direct deposit.
- b. You even get your check two days sooner with direct deposit rather than waiting for a check in the mail.

Standard Education:

- a. Without a checking account, you have to buy money orders to pay bills that you can't pay in cash..
- b. Without a checking account, you have to pay 3-10% to cash your paycheck, pay bills with money orders or even send money to people.
- c. Think about how much you would spend a year in fees if you do not have a checking account. That is money that could be saved!

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial IQ - Question 1

Question:

The main factor to take into consideration when selecting an account is the _____.

Answer Selections:

- a. **2 – Interest rate**
- b. 0 – Bank name
- c. 0 – Minimum balance requirement

Positive Response:

- a. Whether you open a checking, savings, certificate of deposit or money market account depends on your unique financial situation.

Negative Response:

- a. The main factor to take into consideration when selecting an account is the interest rate.
- b. When first opening a checking account, people are sometimes confused by the number of options available at a bank.

Standard Education:

- a. **Annual Percentage Yield (APY)** is the interest rate actually earned or paid in one year, taking into account the effect of compounding.
- b. The APY is calculated by taking one plus the periodic rate and raising it to the number of period in a year.
- c. **Annual Percentage Rate (APR)** is the cost of credit expressed as an (APR) yearly rate also know as interest.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial IQ - Question 2

Question:

The _____ system enables lenders and borrowers to exchange funds.

Answer Selections:

- a. 2 – Financial
- b. 0 – Bankruptcy
- c. 0 – Stock

Positive Response:

- a. Banks in the financial system that are insured by the Federal Deposit Insurance Corporation (FDIC) protect deposits up to \$250,000 per banker.

Negative Response:

- a. The financial system that enables lenders and borrowers to exchange funds.

Standard Education:

- a. **Lend** means to provide money temporarily on the condition that it or its equivalent will be returned, often with an interest fee.
- b. **Loss** is a reduction in the value of an investment.
- c. **Bankruptcy** is a legal proceeding involving a person or business that is unable to repay outstanding debts.

Badge 2 – Banking and Managing Credit

Goal 3 – 401 King

Financial IQ - Question 3

Question:

_____ is a strategy designed to reduce investment risk by combining a variety of investments.

Answer Selections:

- a. **2 – Diversification**
- b. 0 – Market Value
- c. 0 – Portfolio

Positive Response:

- a. It is essential maintain a diversified portfolio.
- b. Your age, risk level and amount of money you would like to invest can help determine how to diversify your portfolio.

Negative Response:

- a. When you invest, you buy something of value, called a capital asset. It could be a stock, a bond, or a mutual fund. You expect the asset to increase in value over time.
- b. Unlike money you save, investments are not insured, so they can lose value.
- c. Diversification is a strategy designed to reduce investment risk by combining a variety of investments.

Standard Education:

- a. **Diversification** is an investment strategy that involves spreading your principal around among different kinds of investments to help reduce the risk of losses on one or more of those investments in your portfolio.
- b. A **portfolio** is a collection of investments owned by the same individual or organization.
- c. The strategy increases your chances of capital gain but doesn't guarantee positive results.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Description:

Learn how to recognize wise credit decisions, credit reports, financing terms and predatory lending.

Students Will Understand How To:

1. Maintain credit worthiness
2. Borrow at favorable terms and conditions
3. Manage and pay debt

Skill Building:

- Data analysis
- Emotional intelligence
- Observation

Scope:

- Topics
 - Choosing a Career
 - Early Career Planning
 - Internships and Job Shadowing
 - Internship Characteristics
- Interactive Tasks
 - Compare Credit Cards
 - Complete a Credit Card Application
 - Review Salary Information
 - Real World Review
 - Success Goals
- Quiz and Survey Questions

Metric:

- Credit Management

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Interactive Tasks

TASK 1

Compare credit cards:

- a. Search the web for Mastercard, Visa and American Express.
- b. Compare the various features of the cards such as credit limit, APR, reward points and fees.
- c. Write down any similarities and differences you find between the cards.

TASK 2

Complete a credit card application:

- a. Visit:
http://www.mastercard.com/ca/wce/PDF/EN_MC_Formulaire.pdf
- b. Complete the mock credit card application.

TASK 3

Review salary information:

- a. Search the web to determine the average salary of someone in your selected field.
- b. Compare the salaries of those with higher education in those fields.
- c. Write down your impression of the salaries of what education level you would like to achieve to succeed in that career field.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Interactive Tasks

TASK 4

Real World Review:

http://www.freddiemac.com/homeownership/ready_to_buy/importance_of_good_credit.html

TASK 5

Success Goals:

1 Year _____

5 Years _____

10 Years _____

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 1

Question:

There is no fee for a cash advance on a credit card? True or False

Answer Selections:

- a. 0 - True
- b. 2 - False

Positive Response:

- a. You can get a cash advance when you use your credit card to get money from a bank machine.

Negative Response:

- a. When you get cash advances from credit cards or any other source, you have to pay a fee.
- b. There is no interest-free period for cash advances.
- c. The interest is calculated from the day you got the cash advance.

Standard Education:

- a. The interest rate for cash advances is 20% per year.
- b. For example, on January 10, you got a cash advance of \$100 using your credit card. The 20% interest on the \$100 cash advance will be calculated starting from January 10. You will end up paying at least \$120 back for that cash advance.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 2

Question:

A balance transfer is _____.

Answer Selections:

- a. 0 - When you pay off all of your debt
- b. 0 - When you transfer money from your savings to checking
- c. **2 - When you move the amount of money you owe from one credit card to another credit card**

Positive Response:

- a. It is easy to overspend with credit cards on bills that you can't afford.

Negative Response:

- a. A balance transfer is when you move the amount of money you owe from one credit card to another credit card.
- b. For example, if you transfer the \$5,000 that you owe on your old credit card to your new credit card.

Standard Education:

- a. If you only pay the minimum balance each month, it may take years to pay off the balance.
- b. The **Grace Period** is the number of days you have before a credit card company starts charging interest on new purchases.
- c. Not all credit cards have a grace period.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 3

Question:

The credit scale runs from_____.

Answer Selections:

- a. 0 - 200 - 800
- b. 0 - 350 - 700
- c. **2- 350 - 850**

Positive Response:

- a. High scores and low interest rates can save you a lot of money.

Negative Response:

- a. The credit scale runs from 350 to 850

Standard Education:

- a. Fair Isaac Corp, a California-based company developed the credit score (FICO).
- b. Lenders usually prefer scores above 720.
- c. A **FICO Credit Score** is a number that summarizes an individual's history of using credit.
- d. Credit scores help determine if you get credit and the interest rate on that credit.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 4

Question:

The most important factor of credit scoring is _____.

Answer Selections:

- a. 0 - How much debt you have
- b. 0 - How long you have been using credit
- c. **2 - How you pay your bills**

Positive Response:

- a. Paying all your bills on time is great.
- b. Paying bills late, getting sent to collections and declaring bankruptcy is bad.

Negative Response:

- a. The most important factor of credit scoring is how you pay your bills.

Standard Education:

- a. How you pay your bills is 35% of your credit score.
- b. The amount of money you owe and the amount of available credit is 30% of your credit score.
- c. The length of your credit history is 15% of your credit score. The longer you have credit, the more points you get.
- d. How many credit applications you have filled out – **inquiries** - is 10% of your credit score.
- e. The mix of your credit is 10% of your credit score.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 5

Question:

_____ is contract based on your promise to pay in the future for goods and services you receive today.

Answer Selections:

- a. 0 - How much debt you have
- b. 0 - How long you have been using credit
- c. **2 - Credit**

Positive Response:

- a. The creditor or lender sets your credit limit, which may be raised or lowered based on your repayment history and credit score.

Negative Response:

- a. Credit is a contract based on your promise to pay in the future for goods and services you receive today.
- b. When you buy something with a credit card, you're borrowing from the bank or credit union that issued the card.

Standard Education:

- a. **Credit** is goods, services, or money is received in exchange for a promise to pay a definite sum of money at a future date.
- b. A **Creditor** is an entity (person or institution) that extends credit by giving another entity permission to borrow money if it is paid back at a later date.
- c. **Lender** is the financial institution, individual, or organization that makes a loan to a borrower in exchange for a fee or interest.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 6

Question:

_____ is the maximum amount a credit card company will allow someone to borrow on a single card.

Answer Selections:

- a. 0 – Revolving Credit
- b. 0 - Creditworthy
- c. **2 - Credit Limit**

Positive Response:

- a. The total amount you can borrow on a credit card is your credit limit.
- b. When you make a purchase that amount is subtracted from your credit limit.
- c. When you pay it back you can borrow it again and again. That's why it's called revolving credit.

Negative Response:

- a. **Credit Limit** is the maximum amount a credit card company will allow someone to borrow on a single card.

Standard Education:

- a. **Revolving credit** is a form of credit that allows partial repayment of the account balance each billing period, provided at least the minimum amount due is paid on time.
- b. Interest accumulates on any unpaid balance.
- c. Any amount the borrower repays is available to borrow again.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 6

Question:

_____ means that the product you buy has collateral and if the balance is not paid in full the collateral can be taken back.

Answer Selections:

- a. **2 – Secured Credit**
- b. 0 – Unsecured Credit

Positive Response:

- a. **Unsecured credit** is based on a promise and signature to pay back the debt (credit cards).

Negative Response:

- a. **Secured credit** means that the product you buy has collateral and if the balance is not paid in full the collateral can be taken back (i.e., cars, furniture, houses).

Standard Education:

- a. **Secured loan** is a loan for which the borrower provides something of value, called collateral, to guarantee repayment.
- b. Mortgage loans and car loans are examples of secured loans. Because of the collateral, the interest rate on a secured loan is usually less than other loans.
- c. **Unsecured loan** is a loan for which the borrower does not provide collateral.
- d. Lack of collateral increases the lender's risk.
- e. The interest rate charged on an unsecured loan is usually higher than a secured loan.
- f. Student loans and credit cards are examples of unsecured loans.
- g. **Default** is when a borrower fails to make timely payments on a loan.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 7

Question:

Identify which of the following are advantages of credit. [Must check all correctly to earn 2 pts, partial response receives 1 pt.]

Answer Selections:

- a. 0 - Interest
- b. 0 - Debt
- c. **2 – Convenience**
- d. **2 – Emergency Assistance**
- e. **2 – Special Deals**

Positive Response:

- a. Interest, debt, risk of overspending and identify theft are disadvantages of credit.

Negative Response:

- a. Advantages of credit include convenience, emergency assistance, credit building, immediacy and special deals.

Standard Education:

Credit Advantages

- Convenience – It may be safer to carry a credit card or get a loan than to carry cash. It also can make shopping online easier.
- Emergency Assistance – If money is needed unexpectedly, it may be easier to use a credit card than to find cash.
- Credit Building - Often, you must have credit to get credit. Paying your bills on time with the credit that you do have will help build your credit significantly to increase your credit limits.
- Immediacy – Credit allows you to get what you need or want now instead of waiting until you save enough money.
- Special deals – You may be able to get reduced rates or not make payments for a period of time, or your credit card company may offer rebates or other discounts.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits - Question 8

Question:

Identify which of the following are disadvantages of credit. [Must check all correctly to earn 2 pts, partial response receives 1 pt.]

Answer Selections:

- a. 2 - Interest
- b. 2 - Debt
- c. 2 – Overspending
- d. 2 – Identify Theft
- e. 0 – Special Deals

Positive Response:

- a. Advantages of credit include convenience, emergency assistance, credit building, immediacy and special deals.

Negative Response:

- a. Interest, debt, risk of overspending and identify theft are disadvantages of credit.

Standard Education:

Credit Disadvantages

- Interest – You will pay more for an item in interest payments over time than you would have if you paid cash.
- Overspending – It is easy to live beyond your means when you aren't spending cash.
- Debt – You owe the lenders until you repay the debt.
- Identity theft – Much like stealing cash, but worse, someone could steal your identity and commit credit fraud in your name. You will have to prove you did not incur the credit expense,

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Habits- Question 9

Question:

Your _____ is a record of your credit use.

Answer Selections:

- a. **2 – credit report**
- b. 0 – credit card
- c. 0 – credit limit

Positive Response:

- a. Your credit history is a record of all the ways you have used credit over the past seven years.
- b. Your credit report includes your payment habits, the amounts you've borrowed, and the types of credit you have applied for or used.

Negative Response:

- a. Your **credit report** is a record of your credit use.

Standard Education:

- a. Your credit report is comprised of important information gathered by the credit reporting agencies to track your credit history.
- b. You have the right to get a free copy of your credit report from each agency once per year.
- c. The three credit agencies are Equifax, TransUnion, and Experian.
- d. You can also request a free copy when you have been denied for credit, insurance or a job.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Outlooks - Question 1

Question:

How well do you understand the importance of keeping a good credit history?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. Your credit history is reviewed by employers, insurance companies, apartment managers, loan advisors and other businesses.

Negative Response:

- a. A negative credit history can seriously impact the rest of your life.
- b. A credit report is like a report card. It's a record of how well you use credit.
- c. Think of your credit score as a grade you receive for your credit management performance.

Standard Education:

- a. High credit scores make it easier and less expensive to borrow money.
- b. Your **credit report** is a record of your credit use.
- c. Your credit report history is maintained by credit bureaus and follows you wherever you go.
- d. The **Credit Bureau** is an agency that researches and collects individual credit information and sells it for a fee to creditors so they can make a decision on granting loans.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Outlooks - Question 2

Question:

How well do you understand the importance of keeping low debt?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. People with high credit scores tend to use credit carefully and keep their balances low.
- b. There are some things that are worth paying a higher price than you can afford using credit such as house, car or college education – but most other things are not.

Negative Response:

- a. When borrow money you create debt.
- b. Sometimes getting a loan can be a big help but if you do not use credit wisely you can find yourself in a lifetime of trouble.
- c. People who max out their credit cards and accumulate debt are viewed as risky.

Standard Education:

- a. The amount of money you owe and the amount of available credit is 30% of your credit score.
- b. People with a variety of credit are deemed less risky.
- c. The best scores have a mix of revolving (credit cards) and installment credit (home loans).

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Outlooks - Question 3

Question:

How likely are you to pay your bills on time to maintain good credit score?

Answer Selections:

- a. 2- Extremely likely
- b. 2 - Very likely
- c. 1 - Likely
- d. 0 – Somewhat/not likely

Positive Response:

- a. High scores and low interest rates can save you a lot of money.
- b. Paying your bills on time and low debt is key to credit scoring.

Negative Response:

- a. Credit scores help determine if you get credit and the interest rate on that credit. -

Standard Education:

- a. Age, race, job, income, education, marital status, or address does not impact your credit score.
- b. Checking your own credit does not impact your credit score.
- c. Checking your credit to shop for better home or car loan rates does not hurt your score, unless you have only had credit for a short period of time or your bills were recently sent to collections.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Outlooks - Question 4

Question:

How likely are you to use credit wisely to get loans?

Answer Selections:

- a. **2- Extremely likely**
- b. 2 - Very likely
- c. 1 - Likely
- d. 0 – Somewhat/not likely

Positive Response:

- a. You should be 18, have income, want a realistic amount based on income and have a good reason to receive credit.

Negative Response:

- a. When first building credit you open a savings account at a bank and agree to keep one month's credit limit in the account.
- b. Set up your account so that if you don't pay your monthly bill, the bank will take the money from your account.

Standard Education:

- a. Using credit wisely can increase your spending power, so if you learn how to properly use credit you can maximize the amount you can spend.
- b. Make sure the right amount is on your receipt before signing anything. Keep your receipts.
- c. If you cosign for a loan you are required to pay the loan in full if the borrower doesn't pay it.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial Outlooks - Question 5

Question:

How well do you understand credit scoring?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. Credit-reporting agencies form your credit score using the FICO methodology.

Negative Response:

- a. Credit scores are three-digit numbers that represent your creditworthiness based on the information in your credit report.

Standard Education:

- a. Credit gives you the ability to borrow money, based on your history of paying all loans, credit cards and bills on time.
- b. **Creditworthy** means you have established a reputation for using credit responsibly, mainly by using credit regularly and making timely payments.
- c. Available credit is the total amount you can borrow with a revolving credit arrangement, such as a credit card or revolving credit line (also known as a line of credit).
- d. Any amount you borrow by using your card or the credit line reduces your available credit until it is repaid.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial IQ - Question 1

Question:

_____ offer protection against theft of your cash.

Answer Selections:

- a. **2- Credit Cards**
- b. 0 - Stock
- c. 0 - Bonds

Positive Response:

- a. All credit card companies are limited in how they can market their cards.
- b. If a credit card offer includes free features, they must stay at least 1,000 feet from schools.

Negative Response:

- a. Credit cards offer protection against theft of your cash.

Standard Education:

- a. A **Credit Card** can be any card that may be used repeatedly to borrow money or buy products and services on credit.
- b. Credit cards from banks (MasterCard, Visa, Discover, etc.) are considered all-purpose cards and can be used to pay for a variety of goods and services.
- c. Credit cards were first introduced in the US in 1950. Before that, stores only used credit cards for their businesses.
- d. The Diners Club was the first to issue a card that allowed consumers to charge meals at restaurants. People had to pay the entire balance when they received the bill.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial IQ - Question 2

Question:

Credit card companies must give consumers at least _____ notice before change an interest rate or fee.

Answer Selections:

- a. 2 – 45 days
- b. 0 – 30 days
- c. 0 – 10 days

Positive Response:

- a. Each bank decides credit limits, fees, and terms.
- b. Interest fees add up to increase the total of what you must pay.

Negative Response:

- a. Credit card companies must give consumers at least 45-days notice before change an interest rate or fee.

Standard Education:

- a. Credit card companies charge interest for the convenience of using the card.
- b. When consumers use credit cards they agree to pay back the amount borrowed at a future date, plus interest.
- c. Some cards have interest rates of 20% or higher. That means for every dollar you spend, there is a 20 cent finance charge.
- d. The **periodic rate** or interest rate the card issuer applies to your outstanding account balance to figure out the finance charge for each billing cycle.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial IQ - Question 3

Question:

Credit cards are sometimes confused with money, but they are actually _____.

Answer Selections:

- a. 2 – Loans
- b. 0 - Stock
- c. 0 – Certificates of Deposit (CDs)

Positive Response:

- a. Credit cards cannot be issued to people under the age of 21, unless they have proof of stable income, or an adult co-signer.

Negative Response:

- a. Credit cards are sometimes confused with money, but they are actually loans.

Standard Education:

- a. The four key factors lenders of consumer credit consider when they assess the riskiness of a loan are capacity, capital, collateral and character.
- b. In 2009 Congress passed the Credit CARD Act to require credit card companies to make card statements and terms of agreement easier for people to understand.

Badge 2 – Banking and Managing Credit

Goal 4 – Credit Stacker

Financial IQ - Question 4

Question:

When selecting a credit card look for the lowest _____.

Answer Selections:

- a. **2 - Interest Rate**
- b. 0 – Minimum Balance
- c. 0 – Annual Fee

Positive Response:

- a. Always keep your credit cards with you or in a safe place.
- b. Do not give your credit card number to friends.

Negative Response:

- a. When selecting a credit card look for the lowest interest rate.

Standard Education:

- a. It is important to know what terms, conditions, fees and interest charges you have agreed to that will be added to your bill.
- b. Before you select a credit card, determine a budget that states your income and expenses.
- c. Call the credit card company immediately if you lose it.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Description:

Learn how to use rational decision-making to evaluate factors involved in real estate.

Students Will Understand How To:

1. Analyze the benefits and costs of home ownership
2. Choose real estate professionals to help with purchase decisions
3. Select and manage home mortgages

Skill Building:

- Analyzing information
- Data analysis
- Decision-making

Scope:

- Topics
 - Real Estate
 - Buying a Home
 - Other Types of Real Estate
 - Mortgage Types
 - How Do You Choose an Apartment?
- Interactive Tasks
 - Examine Global Real Estate
 - Research Real Estate
 - Real World Review
 - Success Goals
- Quiz and Survey Questions

Metric:

- Real Estate

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Interactive Tasks

One

Examine Global Real Estate:

- a. Select 2 countries you would like to visit. Search the web for famous buildings in those countries.
- b. Research families, food, and what a typical house looks like in those countries.
- c. Find a famous house in a each of the countries and create a story about a family that lives there.
- d. Where do they work? What do they eat? What do they do for fun?
- e. What part of the world are they in? How is the weather?
- f. What is the same and/or different about their house than yours?

Two

Research Real Estate:

- a. Pick a city in America that you would like to live in.
- b. Search the web (radpad.com) to find a home that is for sell in that area.
- c. Research the cost of living in that city, crime rates and school system.
- d. Examine the market in that area by looking at the value of homes when they were purchased compared with the current value of the homes.
- e. Have the values went up or down over the last 3 years?

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Interactive Tasks

Three

Real World Review:

<http://www.cnbc.com/id/102722716>

Four

Success Goals:

1 Year _____

5 Years _____

10 Years _____

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Habits - Question 1

Question:

Real Estate is _____.

Answer Selections:

- a. **2 - Land and improvements attached to the land**
- b. 0 - A portion of your mortgage payments
- c. 0 - Apartments that are rented for more than 10 yrs

Positive Response:

- a. Buying a house is the biggest (and most important) investment decision in the lives of most Americans.

Negative Response:

- a. Real estate is defined as land and improvements (such as buildings, infrastructure, landscaping, etc.) attached to the land.

Standard Education:

- a. **Real Estate** is land plus anything permanently fixed to it, including buildings, shed and other items attached to the structure.
- b. Real estate includes houses in the suburbs, apartments, condominiums, office buildings, shopping centers, parks, factories, government buildings and even your school.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Habits - Question 2

Question:

Property prices are the same throughout one state. True or False

Answer Selections:

- a. 0 - True
- b. 2 - False

Positive Response:

- a. The initial cost for a home purchase could be substantial!
- b. Housing prices vary greatly across the country. In California and New York, housing is much more expensive than in most of the country.

Negative Response:

- a. Property prices are not the same throughout one state.
- b. Even within the state or city, the price of single-family homes change dramatically from one neighborhood to another.

Standard Education:

- a. The **Median Home Price** is the midpoint of an ordered array of actual transaction prices of homes. This is a commonly used market indicator of housing value.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Habits - Question 3

Question:

Homeowners only have to pay a mortgage. True or False

Answer Selections:

- a. 0 - True
- b. 2 - False

Positive Response:

- a. Homeowners have more financial responsibilities than renters.

Negative Response:

- a. Homeowners need to pay for expenses such as real estate taxes, hazard insurance, maintenance and repairs in addition to mortgage payments.

Standard Education:

- a. When buying a home, the down payment and other closing costs could add up to a lot.
- b. **Closing Costs** are expenses that are related to completing a real estate transaction but separate from the actual price of the property.
- c. **Hazard Insurance** is coverage on real estate that compensates the owner for damage to a property caused by fire, wind or other hazards.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Habits - Question 4

Question:

A lease is a contract you sign for _____.

Answer Selections:

- a. 0 - A home
- b. **2 - An apartment**
- c. 0 - Both

Positive Response:

- a. A lease is a contract you sign with a landlord of an apartment. It details your right and responsibilities as a tenant.
- b. A lease specifies the financial terms, such as monthly rent, security deposit and other fees.

Negative Response:

- a. A lease is a contract you sign for an apartment.
- b. A lease specifies the financial terms, such as monthly rent, when the agreement expires, the options you may have, the security deposit and incentives.

Standard Education:

- a. A **lease** is a written agreement under which a property owner (the landlord) allows someone else (the tenant) to use the property for a specified period of time in exchange for a monetary benefit (rent)
- b. Renters usually sign a short term lease (average 12 months), so its easy to relocate when desired.
- c. Make sure you review the lease terms carefully so there are no surprises if something happens later.
- d. Core features of a lease include the rent, length of lease (term), expenses included/excluded, security deposit, incentives, options and pet policy.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Habits - Question 5

Question:

What is the most important thing you should strongly consider when searching for an apartment.

Answer Selections:

- a. 0 - Location
- b. 2 - Safety**
- c. 0 - Price

Positive Response:

- a. An apartment is a type of real estate. The safety of the location you choose is critical.
- b. Try to always check how safe an apartment is at night before signing a lease.
- c. Be sure to visit the apartment between 9pm – 1am to view the neighborhood.

Negative Response:

- a. It is important to strongly consider safety when searching for an apartment.
- b. The area, distance to work/school, parking, amenities, transportation and security of the unit help determine the safety of an apartment.

Standard Education:

Things to consider when looking for an apartment

- Safety
- Affordability
- The Area
- Distance to school
- Transportation
- The quality of the building/house
- Parking
- Amenities
- The quality of the inside of the unit

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Habits - Question 6

Question:

What is important to strongly consider when searching for an apartment.

Answer Selections:

- a. 0 - Location
- b. **2 - Affordability**
- c. 0 - Transportation

Positive Response:

- a. Consider your income, other bills and how much disposable income you want to have before leasing an apartment.
- b. Aim to keep rent below 30% of your income to live comfortably.

Negative Response:

- a. It is important to strongly consider if you can afford the apartment before leasing it.
- b. Most landlords will not allow tenants to lease apartments with rent that is more than 1/3 of the tenant's income.

Standard Education:

- a. The location of an apartment may affect your decision in many different ways.
- b. For example, the distance to school and availability of public transportation may have an effect on your commute, in terms of both time and cost; access to services (like stores, restaurants and recreational activities) and/or how close you are to friends may be important.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Habits - Question 7

Question:

_____ is purchased for income-producing purposes.

Answer Selections:

- a. 0 – All Real Estate
- b. **2 – Commercial Real Estate**
- c. 0 – Corporate Real Estate

Positive Response:

- a. Over time, the value of most real estate tends to increase so the owner can earn a capital gain when selling the investment.
- b. Timely payments and the volatility of the real estate market can impact the property value.

Negative Response:

- a. Commercial Real estate is purchased for income-producing purposes.
- b. Owners of commercial real estate lease space in their properties to tenants and collect rent.

Standard Education:

- a. Owners of commercial real estate lease the space to tenants (office buildings, retail stores, shopping centers, hotels) and collect rents. If the revenue is greater than the costs of operating the property, the owner can make a profit.
- b. Since commercial real estate is usually more expensive than single-family homes, it requires special expertise to manage commercial buildings.
- c. The average return on commercial real estate is 14%. While this is higher than many other types of investments, it is also riskier and very unpredictable.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Outlooks - Question 1

Question:

How well do you understand mortgage payments?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. The majority of mortgages have a term to maturity of 30 years, which means the loan will be repaid over 30 years.
- b. Try to make 1.5 payments per month to pay the principal of the loan down faster.

Negative Response:

- a. Making timely mortgage payments can increase your credit score and help avoid additional fees.
- b. Get help from a mortgage broker to help you buy a property in your budget and make payments.

Standard Education:

- a. If you rent an apartment or a house, you pay rent to the landlord every month; if you own a house or a condo (and borrowed money for the purchase) you make monthly mortgage payments.
- b. A **mortgage broker** is a firm or individual who solicits and takes a mortgage application, and later sells it to a lender for a commission.
- c. You may get back a portion of the mortgage payment when the house is sold, so it becomes a way to accumulate wealth.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial Outlooks - Question 2

Question:

How likely are you to purchase a house?

Answer Selections:

- a. **2- Extremely likely**
- b. 2 - Very likely
- c. 1 - Likely
- d. 0 – Somewhat/not likely

Positive Response:

- a. You need to have sufficient income to cover the monthly mortgage payment and other housing expenses.

Negative Response:

- a. Purchasing a home is one of the best decisions you can make.

Standard Education:

- a. You need to purchase a home that fits into your budget – meaning you need to have enough money at the time of purchase to pay for the down payment, closing costs and to continuously make timely monthly payments.
- b. It is usually difficult for an average household to save enough money for the purchase of their first home without using any kind of credit.
- c. If you can afford a larger down payment, you won't need to borrow as much through the mortgage and as a result, your monthly mortgage payment is lower.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial IQ - Question 1

Question:

A _____ mortgage means interest rate remains constant over its entire term to maturity

Answer Selections:

- a. **2 – Fixed-Rate**
- b. 0 – Adjustable-Rate
- c. 0 – Interest-Only

Positive Response:

- a. Mortgage terms can range from 10 to 30 years.

Negative Response:

- a. Fixed-Rate Mortgage means interest rate remains constant over its entire term to maturity

Standard Education:

- a. **Adjustable-Rate Mortgage** means the interest rate changes periodically.
- b. **Hybrid Mortgage** means the interest rate stays the same for a number of years and then changes periodically. For example, the interest rate on a 7/1 mortgage stays constant for seven years and then changes every year.
- c. **Interest-Only Mortgage** means the monthly payments do not include principal repayment. As a result, the mortgage balance stays constant.
- d. **30-Year Mortgage** means the loan will be repaid over 30 years, with 360 monthly payments.
- e. **15-Year Mortgage** means the loan will be repaid over 15 years, with 180 monthly payments.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial IQ - Question 2

Question:

A _____ shows you homes on the market that meet your needs.

Answer Selections:

- a. **2 – Real Estate Agent**
- b. 0 – Stock Broker
- c. 0 – Investment Advisor

Positive Response:

- a. Before you select an agent, you want to interview several agents to find out their level of experience in the area you wish to live.

Negative Response:

- a. A real estate agent shows you homes on the market that meet your needs, represent you in negotiations with the seller; and assists you in obtaining financing for the purchase.

Standard Education:

- a. Make sure the person you hire is properly licensed and there are no complaints filed against him/her.
- b. A **Real Estate Agent** is a licensed individual who provides real estate services such as showing homes, making offers and counteroffers, negotiating prices, and assisting in the closing.

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial IQ - Question 3

Question:

A _____ is a loan that is used to finance the purchase of real estate usually has the property as collateral.

Answer Selections:

- a. **2 – mortgage**
- b. 0 – lease
- c. 0 – credit card

Positive Response:

- a. A portion of the mortgage payment may be tax-deductible, helping you reduce taxes.

Negative Response:

- a. A **mortgage** is a loan that is used to finance the purchase of real estate usually has the property as collateral.

Standard Education:

Mortgage Features

- Used to purchase a home
- Usually paid over 15 – 30 years
- Monthly payments may be set from the beginning or adjustable
- May provide income tax breaks on interest paid
- Usually has lower interest than an installment loan or credit card

Badge 3 – Growing Wealth

Goal 5 – Rich Estates

Financial IQ - Question 4

Question:

If you can afford a larger _____, you won't need to borrow as much through the mortgage and as a result, your monthly mortgage payment is lower.

Answer Selections:

- a. **2 - down payment**
- b. 0 - loan
- c. 0 – term

Positive Response:

- a. Down payments are commonly required when you buy a home or car.
- b. The larger your down payment, the less you borrow, and usually, the lower your borrowing costs and fees.

Negative Response:

- a. Down payment is the amount a lender may require you to pay in cash to be eligible for a loan.
- b. If you can afford a larger down payment, you won't need to borrow as much through the mortgage and as a result, your monthly mortgage payment is lower.

Standard Education:

- a. Down payments are usually 10-20% of the purchase price.
- b. A **loan** is a sum of money borrowed with the expectation that the principal will be repaid with interest.
- c. **Principal** is the amount you borrow with a loan, or the amount you save or invest.
- d. Interest due on a loan and interest paid on the savings or investment are calculated as a percentage of principal.
- e. A **term** is the period of time a loan lasts before it matures and must be repaid in full.
- f. Generally larger loans have longer terms to make repayment easier for borrowers.

Badge 5 – Growing Wealth

Goal 6 – Startup Me

Description:

Learn how to apply lean methodology to starting a small business.

Students Will Understand How To:

1. Recognize the roles of entrepreneurs in the economy
2. Identify the traits of successful entrepreneurs
3. Describe, design, challenge, and invent new businesses.

Skill Building:

- Leadership
- Management
- Innovation

Scope:

- Topics
 - Start-Ups
 - Entrepreneurship
 - Planning your business and Pricing your business
 - Entrepreneur types and benefits of entrepreneurship
- Interactive Tasks
 - Identify Problems and Solutions
 - Plan Your Startup
 - Create a Business Model Canvass
 - Price Your Startup
 - Pitch Your Startup
 - Real World Review
 - Success Goals
- Quiz and Survey Questions

Metric:

- Entrepreneurship

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Interactive Tasks

One

Identify Problems and Solutions:

- a. Ask 10 people what are some painful problems that they see everyday in society that they would like solved.
- b. What needs are not being met by existing companies that currently try to solve these problems.
- c. Pick one problem of interest.
- d. What could be a solution to that problem.

Two

Plan Your Business:

- a. What product do you wish to sell or service to provide?
- b. Why do people want or need what you are offering?
- c. How much do you already know about this?
- d. Do you need materials or equipment to start up? Will it cost a lot? Where will you get the money?
- e. Where will you run your business? Can you run it from your home?
- f. Who will your customers be? How they hear about you?
- g. How much time per week will it take?
- h. Is there another business like yours in the area?
- i. Who will be your first partner and team members?
- j. How will you advertise your company to get customers?
- k. What makes your company better than other companies?

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Interactive Tasks

Three

Price Your Business:

- a. How much do you estimate it will cost to create each product or service?
- b. What price will you charge for each product or service?
- c. How much profit would you make for each product or service? (product price – product cost = profit)
- d. How many products or services do you feel you could sell per month?
- e. How much profit could you make in one year?
- f. How much do you think you should get paid for your work?
- g. Are your prices higher or lower than your competition? Why?

Four

Create a Business Model Canvass:

- a. Complete the business model canvass.
- b. Viist:
http://www.businessmodelgeneration.com/downloads/business_model_canvas_poster.pdf
- c. What is your value proposition?
- d. Who are your top 5 customers?
- e. What 3 channels do you reach your customers through?
- f. Who are your 3-5 key partners?
- g. What are your 3-5 key resources?
- h. What are the main 3-5 key activities you need to complete?

Badge 2 – Growing Wealth

Goal 6 – Startup Me

Interactive Tasks

Five

Pitch Your Startup:

- a. Present your model to a peer and ask for his/her feedback.
- b. Compare models and make pivots to your canvass as needed.
- c. Create your final business model canvass.
- d. Create a name for your company and a logo.

Six

Real World Review:

<http://www.cnbc.com/id/102722716>

Seven

Success Goals:

1 Year _____

5 Years _____

10 Years _____

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial Habits - Question 1

Question:

A startup is _____.

Answer Selections:

- a. **2 - The organization used to search for a scalable business model**
- b. 0 - A business with at least five employees
- c. 0 – A non-profit organization

Positive Response:

- a. Start-up resources are things an entrepreneur needs to have when starting a business, including capital, skilled labor, management expertise, legal and financial advice, a facility, equipment, and most importantly, customers.

Negative Response:

- a. A startup is the organization used to search for a scalable business model.
- b. Startups can be for-profit and non-profit organizations.
- c. They can have a single founder or a large team.

Standard Education:

- a. A **Venture** is a business undertaking involving risk.
- b. **Profit** is money that is left after all the expenses of running a business have been deducted from the income.
- c. **Revenue** is the total amount of money received by the company for the goods sold or services provided during a certain time period.
- d. **Cash Flow** is the incomings and outgoings of cash, representing the operating activities of an organization.

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial Habits - Question 2

Question:

A MVP is _____.

Answer Selections:

- a. 0 - Most valuable product
- b. 0 - Minimum valuable product
- c. **2 - Minimum viable product**

Positive Response:

- a.

Negative Response:

- a. A MVP is a minimum viable product.

Standard Education:

- a. The MVP should showcase the main feature you are trying to invent, like an engine.
- b. Show the MVP to potential customers and keep asking them why they would or would not use it.

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial Habits - Question 3

Question:

It does not matter if you are not interested in the business you start.
True or False

Answer Selections:

- a. 0 - True
- b. 2 - False

Positive Response:

- a. An entrepreneur's interest must directly tie to the vision of the company.

Negative Response:

- a. It matter significantly if you are interested in the business you start.

Standard Education:

- a. An entrepreneur's interest is very important to entrepreneurial success because you need motivation to implement the ideas for the business.
- b. Without personal interest and dedication, there is no possibility for high success.
- c. All the company's activities should stem from the vision of the entrepreneur.

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial Habits - Question 4

Question:

An _____ is an individual who undertakes the creation, organization, and ownership of a business.

Answer Selections:

- a. 0 - CEO
- b. 0 - Manager
- c. **2 - Entrepreneur**

Positive Response:

- a. An entrepreneur in a developing economy is one who starts an industry, undertakes risks, bares uncertainties and also performs the managerial functions of decision-making.

Negative Response:

- a. An entrepreneur is an individual who undertakes the creation, organization, and ownership of a business.

Standard Education:

Entrepreneur Types

- Self-Employed
- Team Builders
- Inventors
- Pattern Multipliers
- Economy of Scale Operators
- Acquirers
- Speculators
- Internal Entrepreneurs

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial Habits - Question 5

Question:

_____ is the ability to generate ideas.

.

Answer Selections:

- a. 0 – Strategy
- b. 0 - Innovativeness
- c. **2 - Creativity**

Positive Response:

- a. Innovativeness is the ability to implement the appropriate ideas.

Negative Response:

- a. Creativity is the ability to generate ideas

Standard Education:

Entrepreneurs are Creative

- Different way of thinking about everything
- Openness to change
- Willing to try new things
- Persistence in seeking possibilities
- Open to brainstorming ideas
- Dedication to doing it better
- Constantly thinking about what you see and hear

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial Outlooks - Question 1

Question:

How confident are you that you could start a small business?

Answer Selections:

- a. **2 – Extremely confident**
- b. 2 – Very confident
- c. 1 – Confident
- d. 0 – Somewhat/not confident

Positive Response:

- a. Success comes to those who are ready and prepared.

Negative Response:

- a. Creating and launching a business idea is more accessible and easier than ever – if you know how.

Standard Education:

- a. When first deciding to start a small business, determine a popular problem that needs a creative solution.
- b. Aim to create an innovative solution that you can repeatedly test in your preferred market place.

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial Outlooks - Question 2

Question:

How well do you understand the lean methodology process?

Answer Selections:

- a. **2 – Extremely well**
- b. 2 – Very well
- c. 1 – Well
- d. 0 – Somewhat/not well

Positive Response:

- a. Using the lean startup approach, companies can create order instead of chaos by validating and testing their vision continuously.

Negative Response:

- a. A core component of the lean methodology is to build-measure-learn and then repeat continuously.

Standard Education:

- a. When first determining what product to build ask yourself search for things that are scarce, in high demand and doesn't have much competition.
- b. Determine if it should be built and can a sustainable business be built around it.
- c. If the answer is yes, get out and talk to people about the idea.
- d. **Scarcity** is when wants are greater than resources.
- e. **Demand** is the amount or quantity of goods or services that consumers are willing and able to buy.
- f. **Competition** means you and another company are striving for the same customer or market.

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial Outlooks - Question 3

Question:

How likely are you to start a small business?

Answer Selections:

- a. **2- Extremely likely**
- b. 2 - Very likely
- c. 1 - Likely
- d. 0 – Somewhat/not likely

Positive Response:

- a. An entrepreneur can start an industry, undertake risks, bare uncertainties and perform the managerial functions of decision-making.

Negative Response:

- a. In America we live in a free enterprise system that allows anyone to become an entrepreneur – take advantage!

Standard Education:

- a. **Free Enterprise System** means you have the right to make economic choices is most important.
- b. A **conglomerate** is a corporation consisting of several companies in different businesses. It allows for diversification of business risks, but the lack of focus can make managing it more difficult.
- c. Microsoft began as a startup that was started by an entrepreneur, Bill Gates, in a free enterprise system. Due to his great leadership and entrepreneurship skills his company is now a conglomerate.

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial IQ - Question 1

Question:

A core component of the lean startup methodology is to _____ and then do it again and again.

Answer Selections:

- a. 0 - Build the full product
- b. 2 - **Build-measure-learn**
- c. 0 - Build innovation

Positive Response:

- a. Lean isn't just about failing fast or failing cheap. It is about putting a process around the development of a product.

Negative Response:

- a. A core component of the lean startup methodology is to build-measure-learn and then do it again and again.

Standard Education:

- a. Using the lean startup approach, companies can create order not chaos by providing tools to test a vision continuously.

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial IQ - Question 2

Question:

The first step to building a startup or creating a new innovative product is it to figure out the _____.

Answer Selections:

- a. 2 - Problem
- b. 0 - Solution
- c. 0 - Value

Positive Response:

- a. Too many startups begin with an idea for a product that they think people want without thoroughly figuring out the problem they are solving for first.

Negative Response:

- a. The first step to building a startup it to figure out the problem. Identifying the problem will make developing the prototype or minimum viable product (MVP) much easier.

Standard Education:

- a. Always work smarter not harder.
- b. Investigate your idea for a solution by vetting the value people see for your product to help solve their problems.
- c. Employ the 5-whys. Each time you ask some why they would use the product, wait for a response and then ask why again.
- d. After you repeat this 5 times you will finally be at the heart of the real issue. This will help you understand why they really would or would not use your product.

Badge 3 – Growing Wealth

Goal 6 – Startup Me

Financial IQ - Question 2

Question:

_____ is the process of getting into and operating one's own business.

Answer Selections:

- a. **2 - Entrepreneurship**
- b. 0 - Governing
- c. 0 - Mastering

Positive Response:

- a. Entrepreneurship is the act of setting out on your own and starting a business instead of working for someone else's business.

Negative Response:

- a. **Entrepreneurship** is the process of getting into and operating one's own business.
- b. The processes of entrepreneurship requires a risk level that is always related to the quantity of money that is being invested in the business.

Standard Education:

Benefits of Entrepreneurship

- Community Understanding
- Business Management Skills
- Orientation to Change
- Understanding of Market Economy
- Individual's Personal Growth
- Expand Creative Thinking
- Decision-Making Skills
- Sense of Career Choices
- Application of Technical Skills and Experiences