

PFL Academy

Teacher Guide: Chapter 14.1 — Charitable Giving and Financial Planning

OVERVIEW

TIME	MATERIALS	PREREQUISITES
45-50 Minutes	Student Activity Packet, Calculator	Basic Budgeting Concepts

LESSON FLOW

5 min THE CHALLENGE

- Read Sarah's scenario aloud. Emphasize the balance between generosity and financial stability.
- Ask: "Can you give to causes you care about even if you don't have much money?"
- Brainstorm different ways to contribute besides writing a check.

10 min CORE CONCEPTS

- Define the four types of giving: monetary, in-kind, volunteering, planned giving.
- Discuss tax implications—must itemize to claim deduction.
- Emphasize that financial priorities come first: basic needs, emergency fund, debt.
- Quick check: Have students give an example of each type of giving.

25 min APPLY IT

- **Part A (7 min):** Forms of giving matching. Discuss how pro bono skills are "in-kind."
- **Part B (10 min):** Budget exercise. Work through Sarah's 2% calculation together.
- **Part C (8 min):** Non-monetary contributions. Brainstorm creative ways to give time/skills.

10 min CHECK YOUR UNDERSTANDING

- Complete in class or assign as homework.
- Review Q3 tax calculation—clarify that deduction reduces taxable income, not tax directly.
- Q5 reflection is personal; encourage specific, realistic plans.

DIFFERENTIATION

Support

- Create a visual chart showing the four types of giving with examples.
- Provide pre-calculated budget options for Part B.
- Work through the tax calculation step-by-step as a class.
- Offer sentence starters for the reflection question.

Extension

- Research charity rating organizations and evaluate a local nonprofit.
- Calculate tax scenarios at different income levels.
- Create a 5-year giving plan that increases with income growth.
- Design a community service project and estimate its impact.

ANSWER KEY

Part A: Forms of Charitable Giving

Matching Answers:

Graphic designer creates free logo → In-Kind Donation (skills-based)

\$50 monthly auto-payments → Monetary Donation (recurring)

Retired teacher tutors students → Volunteerism

Charity included in will → Planned Giving

Professional clothing donation → In-Kind Donation (goods)

Q1: Someone with limited money but specialized skills could have the greatest impact through in-kind donations (pro bono services) or skills-based volunteering. A professional skill like web design, legal advice, or accounting could save an organization thousands of dollars.

Part B: Budget Exercise

Q2 - Sarah's 2% Giving:

Monthly: $\$3,500 \times 2\% = \70

Annual: $\$70 \times 12 = \840

Q3 - Categories to Reduce:

Entertainment: $\$200 \rightarrow \150 (save \$50)

Miscellaneous: $\$400 \rightarrow \380 (save \$20)

Total freed up: \$70 for charitable giving

Note: Students may suggest other combinations.

The key is that Sarah should not reduce savings or loan payments.

Part C & Check Your Understanding

Q4 Non-monetary contributions: Any THREE valid examples: tutoring students, serving at food bank, animal shelter volunteering, mentoring, blood donation, organizing community events, pro bono professional services, creating content for nonprofits.

CYU 1: B (Setting up recurring monthly payments is a monetary donation, not in-kind)

CYU 2: B (You must itemize deductions to claim charitable donations)

CYU 3: Tax savings: $\$2,500 \times 22\% = \550 . Note: This assumes Alex itemizes and the charitable deduction exceeds the standard deduction.

CYU 4: Priorities before charitable giving: basic needs (housing, food, utilities), emergency savings fund, high-interest debt payments, retirement contributions.

CYU 5: Accept thoughtful responses that include: specific cause, realistic contribution method (monetary, time, skills), concrete timeline, and consideration of current resources.

COMMON MISCONCEPTIONS

Misconception	Clarification
"You need to be wealthy to make a difference through charitable giving."	Small donations can have significant impact, especially to local organizations. Volunteering time and skills can be equally valuable. The key is consistent giving aligned with your means.

"All charitable donations are tax-deductible."	Only donations to qualified 501(c)(3) organizations are deductible, and only if you itemize. Many people take the standard deduction and receive no tax benefit from donations.
"The tax deduction makes charitable giving 'free.'"	A deduction reduces taxable income, not your tax bill directly. If you're in the 22% bracket, a \$100 donation saves you \$22 in taxes—you still "pay" \$78 net.