

LESSON #2: STUDENT ACTIVITY

DON'T BE THAT GIRL WHO SPENDS HER PAYCHECK WITHOUT UNDERSTANDING HER INCOME

Mariya is a 23-year-old college graduate who just accepted her first job as a medical assistant. She earns \$25 an hour and works 30 hours each week. Mariya plans to make a \$1,500 deposit on an apartment in two weeks. Can she do it? Why or why not?



HELP MARIYA OUT. Here's What She's Wondering:

1. Why is my net income less than my gross income?
2. How does my employer calculate my net income?
3. What can I do with my deductions to save more money for the future?
4. When will I be able to afford the \$1,500 deposit on my apartment?

Mariya Suarez		Pay Period: 8/3/15 to 8/14/15		Deduction Information:	
Earnings				Federal Income Tax:	\$194.57
Hours	Rate	This Period	YTD	Michigan State Income Tax:	\$63.75
60	\$25	\$1,500.00	\$1,500.00	Southville City Income Tax:	\$15.00
				Medicare Tax:	\$21.75
				Social Security Tax:	\$93.00
				401(k):	\$15.00
				Healthcare:	\$56.00
				Savings:	\$0.00
				Net Income:	\$1,040.93

ABC MEDICAL, INC.

DATE: : 8/3/15 to 8/14/15

THIS IS A CHECK
Sign Reverse for Redemption

No. **120792**

***** One thousand forty dollars and 93 cents \$1,040.93

**PAY
TO THE
ORDER
OF**

**MARIYA SUAREZ
599 THOMPSON BLVD.,
SOUTHVILLE, MI 95201**

M.P.

00123454782': 54362000': 00076



DON'T BE THAT GIRL WHO MAKES HER ROOMMATES PAY FOR HER MAKEUP

No one wants to be the girl who makes her roommates pay for her nail polish and eye shadow! Making a budget can help you be smart with your money. Use the chart below to fill in your income and expenses; then use categories to analyze your cash flow.

INCOME	Fixed		Flexible	
	Source	Amount	Source	Amount
EXPENSES	Fixed		Flexible	
	Item	Amount	Item	Amount
	Savings (Pay Yourself First!)		Groceries/Food	
	Utilities (Internet, Cell Phone Bill)		Gifts/Holidays	
	Transportation (Bus Pass, Car Payment, Car Insurance)		Personal Items (Haircuts, Clothes/Shoes, Electronics)	
			Transportation (Repairs, Gas)	
		Entertainment (Eating Out, Movies, Concerts)		
TOTALS	Total Fixed Expenses:		Total Flexible Expenses:	

BUDGET BREAKDOWN: Questions to Consider

- In which categories are you spending the most money?
- How much money do you save? Can you save more?
- How will your budget change when you graduate?
- What new categories will you need to add to your budget?
- When you budget money for one category, you have less for another. This is called a trade-off. What trade-offs have you made with money?
- Did you consider retirement and budgeting for your future self?
- How do your personal decisions influence your budget?





DON'T BE THAT GUY WHO DOESN'T UNDERSTAND HIS TAXES

HOW TO PLAY: Travel around the classroom and ask fellow students their answers to the questions on the board below. Record your peers' answers and names in each box, and shout "Bingo!" when you've filled in all of your boxes.

PLAY TAX BINGO!

<p>What is Social Security?</p> <hr/> <hr/> <hr/>	<p>What is Medicare?</p> <hr/> <hr/> <hr/>	<p>What is Federal Income Tax?</p> <hr/> <hr/> <hr/>
<p>What is State Income Tax?</p> <hr/> <hr/> <hr/>	<p>What is City Income Tax?</p> <hr/> <hr/> <hr/>	<p>How is Federal Income Tax money used? (Give 3 examples.)</p> <hr/> <hr/> <hr/>
<p>How is State Income Tax money used? (Give 3 examples.)</p> <hr/> <hr/> <hr/>	<p>How is City Income Tax money used? (Give 3 examples.)</p> <hr/> <hr/> <hr/>	<p>What is the purpose of a W-4?</p> <hr/> <hr/> <hr/>
<p>What is the purpose of a W-2?</p> <hr/> <hr/> <hr/>	<p>How do you get a W-2?</p> <hr/> <hr/> <hr/>	<p>When do you get a W-2?</p> <hr/> <hr/> <hr/>





DON'T BE THAT GUY WHO WRECKS HIS RIDE WITHOUT BUYING INSURANCE



No one wants to get stuck in a tough situation without insurance. Read through the scenarios below and determine which type of insurance each person needs and why.

1. Ethan's got a new ride, complete with custom rims and leather interior. He's excited to show it off to his friends, but he can't drive until he gets insurance.

What type of insurance does he need and why? _____

2. Emma is revising her financial plan now that she has a baby. In case anything happens to her, she wants to know her daughter will be taken care of.

What type of insurance does she need and why? _____

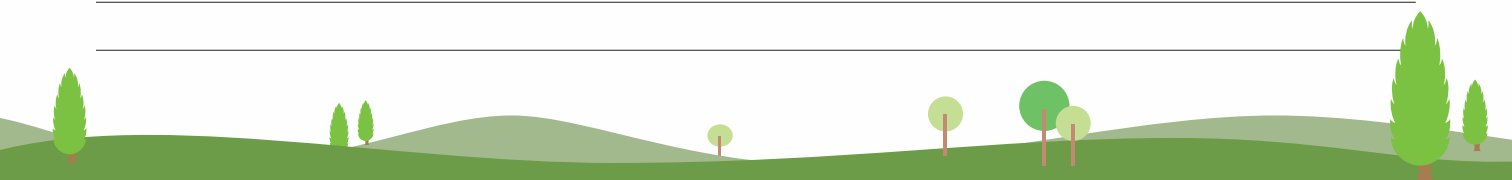
3. Jackie is negotiating a job offer and wants to ensure she's covered if she gets sick or injured.

What type of insurance does she need and why? _____

4. Logan decides he is ready to purchase his first home. He has saved up enough money to make a 20% down payment and plans to take out a mortgage from his bank to pay for the rest. In order to get a mortgage though, Logan's lender is requiring him to get insurance.

What type of insurance does Logan need and why? _____

BONUS: If Logan puts less than 20% down, what other type of insurance will he need and why?



LESSON #8: STUDENT ACTIVITY

DON'T BE THAT GUY WHO DRIVES HIS CREDIT SCORE DOWN

Noah is driving into his future, but he's facing a few pit stops along the way. Read each of Noah's crossroads in life and decide if his actions will cause his credit score to go up or down.

Crossroads 1

After graduating high school, Noah opens a few credit cards. At first he is able to pay off each card in full, but over the course of a year, he falls behind and ends up maxing out each of his cards.

Will his credit score go up or down? Why? _____

Crossroads 2

Noah moves into a nice apartment and is responsible for paying the rent, the cable bill and the water bill—all of which he pays on time each month.

Will his credit score go up or down? Why? _____

Crossroads 3

A debt collector calls Noah about his maxed-out credit cards he hasn't paid in months.

Will his credit score go up or down? Why? _____

Crossroads 4

A friend tells Noah he should check out his credit report, especially if he's behind on credit card payments. Noah laughs it off and decides he'll check it later, maybe when he's ready to buy a house.

Will his credit score go up or down? Why? _____

End of the Road

Overall, how do you think Noah did? Did he manage his credit score successfully or drive it off the road?



LESSON #9: STUDENT ACTIVITY FOR LOANS

DON'T BE THAT GIRL WHO DOESN'T UNDERSTAND LOAN LINGO

Jessica is purchasing a home and plans on borrowing money with a mortgage. Help her figure out how her loan works and how much it will cost her to borrow the funds. (Hint: Use the mortgage calculator at mortgagecalculator.org)

FIXED OR ADJUSTED?

Read each option below and assess which mortgage you would advise Jessica to select and why.

Option 1: Fixed Rate Mortgage

Loan amount: \$150,000

Loan term: 30 years

Loan description: 30-year fixed rate

Interest rate: fixed at 4% for the full 30-year term

Option 2: Adjustable Rate Mortgage (ARM)

Loan amount: \$150,000

Loan term: 30 years

Loan description: 5/1 ARM

Interest rate: fixed rate of 2% for the first 5 years of loan term and then adjusts (up or down based on the index rate) annually thereafter

Which option would you pick for Jessica and why? _____

PRINCIPAL AND INTEREST

After doing research, Jessica decides to go with the fixed rate mortgage. What is her monthly payment for both principal and interest?

Monthly Payment Toward Interest: _____ Monthly Payment Toward Principal: _____

ADD IT ALL UP

Over the course of her 30-year loan term, how much does Jessica pay in total interest? How much does she pay in total principal?

Total Interest: _____ Total Principal: _____

What is the difference between her total costs (principal plus interest) compared to the original loan amount of \$150,000? _____

EXTRA! EXTRA!

What happens to Jessica's interest costs if she decides to put extra payments toward her principal beginning in year 5 of her 30-year loan term?

- If Jessica pays an extra \$100 each month in principal for 25 years, her total interest costs would be _____
- If Jessica pays an extra \$250 each month in principal for 25 years, her total interest costs would be _____
- If Jessica pays an extra \$500 each month in principal for 25 years, her total interest costs would be _____

