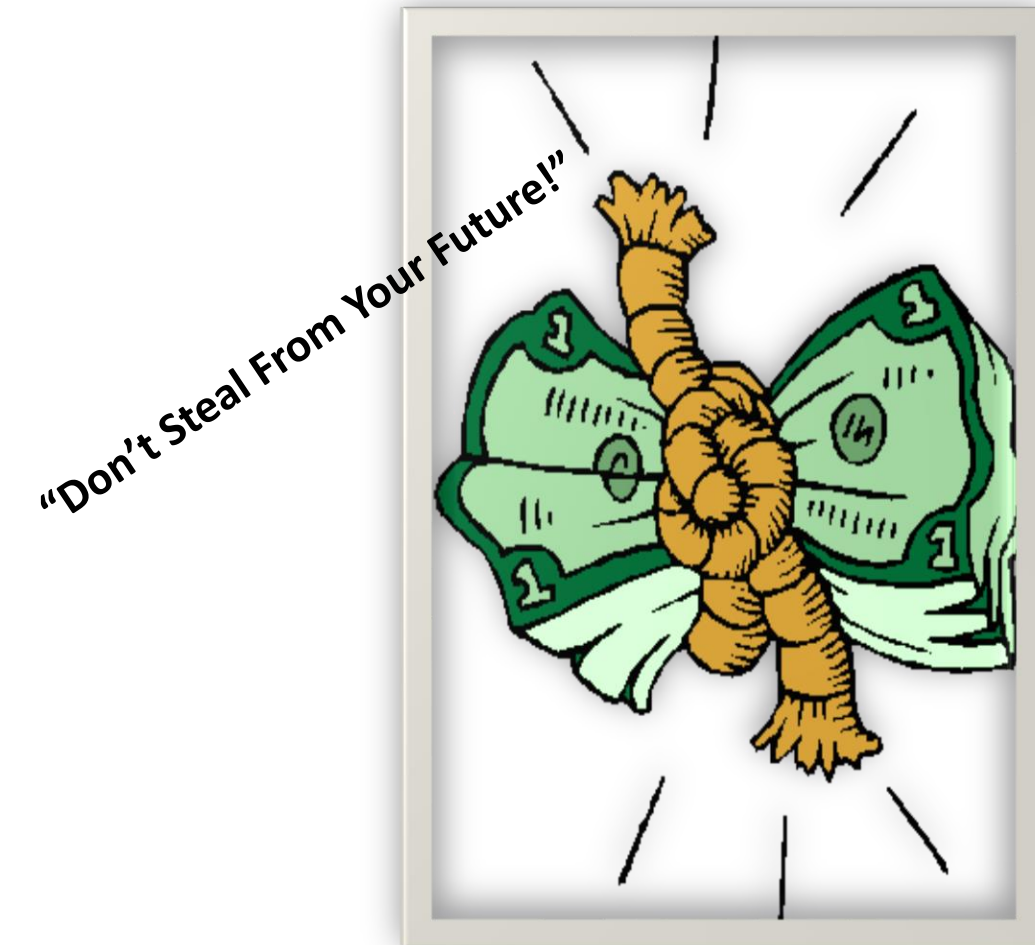




California Cadet Corps Curriculum on Wellness



W1/A: Finances: Money Management



Agenda

A1. Introduction to Personal Finance

A2. Cash

A3. Savings

A4. Checking Accounts

A5. Debt, Loans, and Credit Cards

A6. Personal Budgeting

A7. Life After High School



INTRODUCTION TO PERSONAL FINANCE



Introduction to Personal Finance

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

1. Identify the reasons to wisely manage money
2. Explain why it's best to use cash instead of debit cards
3. Open a savings account
4. Identify why a checking account is needed as an adult
5. Identify why loans and credit cards are not good sources of money
6. Create and use a personal budget
7. Make a plan for saving for life after high school



Introduction to Personal Finance

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

1. Identify the reasons to wisely manage money

Essential Question:

Why is it important to actively be involved in managing your money?



Introduction to Personal Finance

- Be responsible with any money you receive
 - Job
 - Allowance
 - Gift
- Good money management skills are essential!
 - For now
 - For the future
 - Financial independence from parents
 - Less stress when not in debt

Be Smart with Your Money!



Introduction to Personal Finance

- Where do we learn our money management skills?
 - Parents
 - Other family members
- If family does not handle money well, now is the time to break the cycle!



Introduction to Personal Finance

YOU Decide what to do with Your Money – Don't Let Your Money Decide for You!





Introduction to Personal Finance

Three key ways to manage your money:

1. Wise/planned spending
2. Saving
3. Planning/Budgeting



Introduction to Personal Finance

Practical Exercise

Commandant writes on the board answers to the following question asked of Cadets:

“How do you acquire money?”

(For example: an allowance from mom or dad)

Cadets: Note somewhere your own personal answer(s) to this question as you’ll be applying it in an exercise in another lesson.



Introduction to Personal Finance

SPENDING

One of the biggest things people do with money is spend it!

- On things we need
- Just because we want something





Introduction to Personal Finance

How do you spend your money?

Practical Exercise

Commandant writes on the board answers to the following question asked of Cadets:

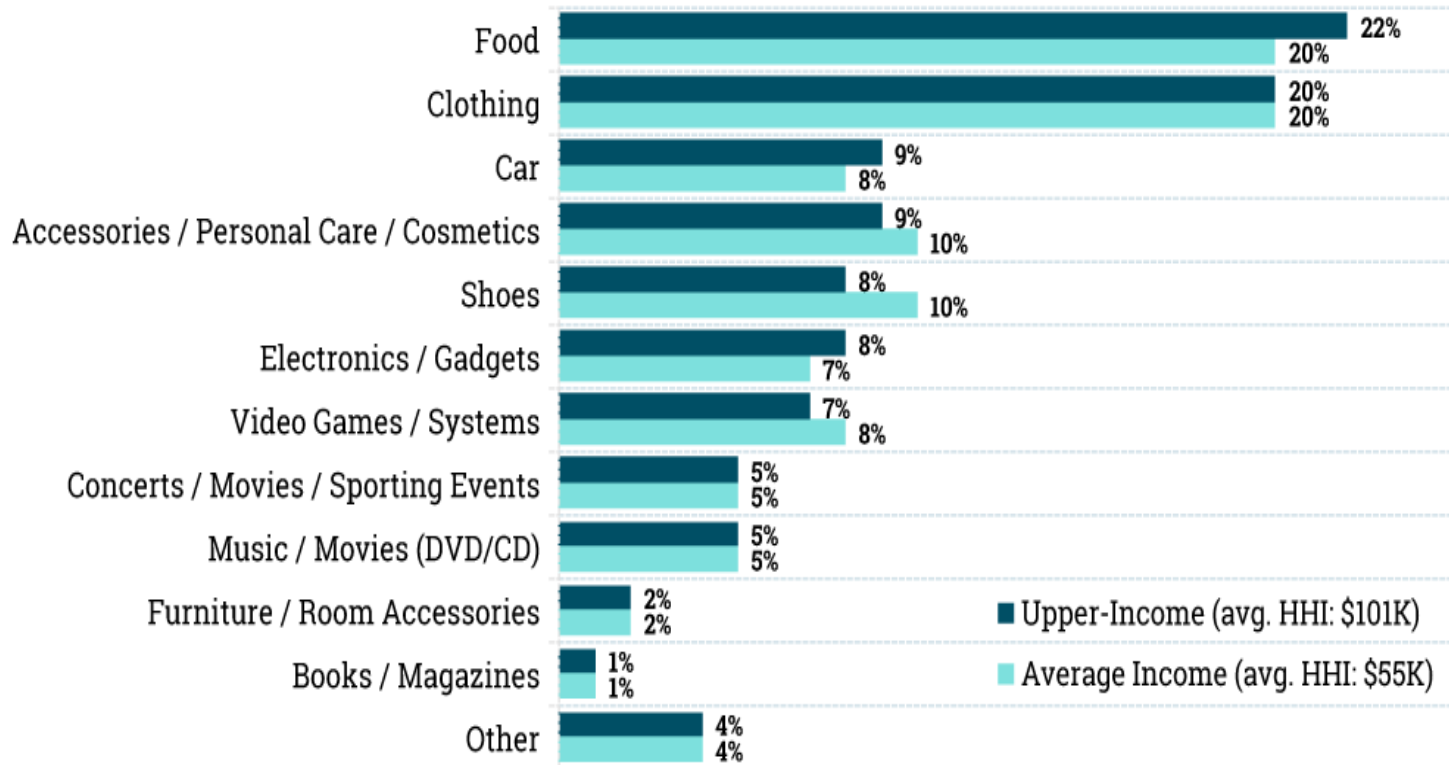
“What do you spend your money on?”

Cadets: Note somewhere your own personal answer(s) to this question as you’ll be applying it in an exercise in another lesson.



Introduction to Personal Finance

Share of US Teens' Spending, by Category



Published on MarketingCharts.com in October 2017 | Data Source: Piper Jaffray

Based on a survey of 6,100 US teens with an average age of 15.9, 54% of whom are male.



Check on Learning

Explain in your own words why it's important to actively and wisely manage your money.



CASH



Cash

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

2. Explain why it's best to use cash instead of debit cards

Essential Question:

Why is it best to use cash instead of debit cards?



Cash

It's best to use cash to pay for purchases!

WHY?

- The feel of cash leaving your hands makes it very personal to you!
- You are aware of what you're doing with your money



It hurts to part with your cash!





Cash

Cash

1. Money in the form of coins or banknotes, especially that issued by a government.
2. Money or an equivalent, as a check, paid at the time of making a purchase.



Cash

- A paper check is often considered “cash”
 - BUT not the same as handing over that green paper!
 - Checks often used to pay rent, utilities, etc.
 - (or pay bills using online banking)
- Plan ahead & carry the amount of cash you plan to spend
 - More likely to spend wisely & thoughtfully!





Cash

Downside of using a debit card in place of cash:

- You don't feel the cash leaving your hand
- Very easy to spend more than you planned – overspending!
- May overdraw your bank account
 - Bank penalty fees for overdrawing





Check on Learning

Why is it better to use cash rather than a debit card?



SAVINGS



Savings

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

3. Open a savings account

Essential Question:

Why is it important to have a savings account?



Savings

**Wise money management includes putting
aside money for savings**

- Need to make savings goals
- Possible savings goals right now are:
 - a car
 - college or vocational/trade school
 - “first & last” months’ rent for an apartment



Savings

Regularly putting money in a savings account establishes a good lifetime habit

Possible savings goals as an adult:

- “emergency savings” for expected & unexpected things
 - Medical emergencies, job loss, car and house repairs
- A car
- Down payment to buy a home
- Vacations
- Christmas gifts
- Children’s college



Savings

Why not save your money...

- in a box in your closet?
- under your mattress?
- or somewhere else in your house?



BECAUSE...

- 1) Someone may steal it
- 2) You may spend it because of easy access!



Savings



Save your money in a savings account at a financial institution such as a bank or credit union:

- Safest place for your money
- Your money will earn compound interest



Savings

Compound Interest

(n.) Interest calculated on both the principal and the accrued interest

(American Heritage Dictionary of the English Language, 5th Edition)





Savings

Compound Interest: A process of growing your money

- Bank pays you interest on the money you deposit
 - Interest is calculated on the total money you deposit
(assuming you have not taken money out of your account)
 - Every time the bank calculates interest, it includes:
 - the interest the bank previously paid you
 - plus any additional amounts you deposited





Savings

The bank determines the frequency of interest calculation.
Frequencies are:

- Annual compounding: Interest is calculated and paid once a year.
- Quarterly compounding: Interest is calculated and paid once every three months.
- Monthly compounding: Interest is calculated and paid each month.
- Daily compounding: Interest is calculated and paid every day.

How Often Is Interest Accrued on a Savings Account? (2019). Retrieved from The Motley Fool:
<https://www.fool.com/saving/how-often-is-interest-accrued-on-a-savings-account.aspx>





Compound Interest Example

“Start with the concept of simple interest: you deposit money, and the bank pays you interest on your deposit. For example, you might deposit \$100 for one year at 5 percent, and you’d earn \$5 in interest over the year.

What happens next year? That’s where compounding comes in. You’ll start earning interest on your initial deposit, *and* you’ll earn interest on the interest you just earned:

1. You’ll earn 5 percent on your original deposit \$100 again.
2. You’ll earn 5 percent on the new \$5 of interest earnings the bank paid to your account.

That means you’ll earn *more* than \$5 next year because your account balance is now \$105, even though you didn’t make any deposits, so your earnings will accelerate. At many banks, especially online banks, interest compounds daily and gets added to your account monthly, so the process moves even faster.”



Savings

Main point to remember:

Putting your money in a savings account (and not drawing it out), will increase your savings through compound interest plus your additional savings deposits.

Regularly saving money makes your savings grow even faster!





Opening a Savings Account

- If under 18 years old, you likely will need a parent or legal guardian as a co-owner
- You will receive an ATM card
 - ATM card used to deposit or withdraw money from an Automated Teller Machine (ATM)
 - Will also get a Personal Identification Number (PIN) associated with the card
 - You must use this PIN when you use your debit card

Don't EVER give your ATM card or PIN to anyone!



Practical Exercise #1

Each Cadet writes down at least one
savings goal

*(Cadets should save what they've written
for application in a future exercise)*



Practical Exercise #2

(To do outside of the classroom setting)

Each Cadet is encouraged to do this exercise with a parent or guardian.

Go to a local bank or credit union and open a savings account. Many financial institutions have student savings accounts.

When researching a savings account online or when talking to the bank/financial institution representative, the parent and Cadet should make ensure the account has no limits on the amount and the frequency of deposits.



Check on Learning

Name some reasons why it is important to have a savings account:

1. _____
2. _____
3. _____
4. _____



CHECKING ACCOUNTS



Checking Accounts

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

4. Identify why a checking account is needed as an adult

Essential Question:

Why is a checking account needed?



Checking Accounts

- An account at a bank or other financial institution to deposit & withdraw money
- If under 18, parent or guardian must be a co-owner
- Need checking account to:
 - deposit money from a job
 - pay bills (such as rent, mortgage, & utilities)
 - Online bill payments are now common



Checking Accounts

Debit Cards

- Commonly used to withdraw money from an account
- Not a credit card
- Interest is not charged
- Need to keep track of how much money is an account
 - **Do not take out money out of your account that you don't have (overdraw)!!**



Check on Learning

What is the purpose of having a checking account?



DEBT, LOANS, AND CREDIT CARDS



Debt, Loans, and Credit Cards

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

5. Identify why loans and credit cards are not good sources of money

Essential Questions:

Why is it best not to take out loans?

Why is it best not to use credit cards?



Debt, Loans, and Credit Cards



Many Americans are deep in personal debt

Why?

- For instant gratification & do not have the cash to pay for it
- Ego – To impress others with nice things we have (car, clothes, house, etc.)
- Have not saved to buy what we need or want



Debt, Loans, and Credit Cards



- Adults in our life use credit cards
 - Only pay the minimum monthly payment
 - They don't pay off the balance
- Many adults have credit card balances & loans
 - For cars, big screen TVs, washers & dryers, etc.
 - They're deep in debt



This is the cycle we want you to break!



Debt, Loans, and Credit Cards



Credit Cards

- Interest charges applied to unpaid balance
 - Applied from date of the transaction/purchase
 - Interest charges usually very high – sometimes over 20%!
 - ***Balance owed grows & will never be paid off if only the monthly minimum payments are made***
- Being in debt is stressful!
 - Prevents you from ever getting ahead financially



Debt, Loans, and Credit Cards



Loans

“The borrower is a slave to the lender”

(from an ancient scripture that still holds true today)

- Borrowing money makes you indebted to the person or institution who lends it to you



Debt, Loans, and Credit Cards



Loans

- If borrow from family or friend
 - Relationships can sour or be lost completely if:
 - either person feels something went wrong
 - a payment is skipped or the loan is never repaid



Debt, Loans, and Credit Cards



Loans

- If borrow from a financial institution
 - The item can be repossessed if you fail to make the payments
i.e., if you get a loan for a car, then lose your job & can't make the payments, the loan holder will have the car physically taken from you (“repossessed”)



Debt, Loans, and Credit Cards

Loans

- Buying a Home
 - Understandably, this is the one item where most adults get a loan
 - Very few people have the cash up front to pay the total cost





Check on Learning

1. Explain why it's best not to use credit cards.
2. Interest charges on credit cards are applied on _____ balances from the date of the _____.
3. Why should you not borrow money from a family member or friend?
4. Why is it best not to take out a loan to buy something like a car?



PERSONAL BUDGETING



Personal Budgeting

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

6. Create and use a personal budget

Essential Question:

How do I create a personal budget?



Personal Budgeting

- A plan to manage your money
- A tool used to allocate each dollar you get
- Different methods to manage money
 - Two simplest methods (and probably most efficient):
 - The Envelope System
 - The Budget Spreadsheet

**You Need
A Budget.**



Personal Budgeting



The Envelope System

- Label envelopes with each of your expense categories
- Distribute your cash among the envelopes
 - According to the amounts designated in your budget



Personal Budgeting

The Budget Spreadsheet

- Pre-made form to track your spending
 - Paper, or
 - Electronic worksheet
 - Computer program (such as Microsoft Excel)
 - Online apps (such as the YNAB, Every Dollar, Good Budget, and Mint)
 - Easiest & quickest
 - Does the calculations when you plug in the dollar amounts



Personal Budgeting

The Budget Spreadsheet (cont'd)

- Each time money is received or spent:
 - Enter the amount for that category
 - Update totals so you know what you have left to spend in that category
- A written budget is important!
 - Allows you to track expenditures
 - If needed, shows you where you need to adjust any budget categories in future months



Blank Budget Worksheet Example

Budget Worksheet		
Monthly Income	Amount Budgeted	Amount Received
Job		
Allowance		
Gifts		
Total:		
Monthly Savings	Amount Budgeted	Amount Spent
Savings		
Monthly Expenses	Amount Budgeted	Amount Spent
Household		
Money to parents/guardian		
Total:		
Food		
Snacks		
Eating Out		
Total:		
Transportation		
Gas/Fuel		
Vehicle Repairs/Maintenance		
Bus fees		
Vehicle Insurance		
Other		
Total:		
Entertainment		
Cell phone		
Computer & Accessories		
Movies/Concerts/Sports		
Music/Videos		
Hobbies		
Total:		
Personal		
Hair Cut		
Clothes/Shoes		
Gifts		
Toiletries (toothpaste, cologne, etc.)		
Laundry		
Miscellaneous		
Total:		
Charity		
Donations		
Total:		
Total Expenses		
Income minus Expenses (should = \$0)		



Completed Budget Worksheet Example

Budget Worksheet		
Monthly Income	Amount Budgeted	Amount Received
Job	\$500.00	\$500.00
Allowance		
Gifts		
Total:	\$500.00	\$500.00
Monthly Savings	Amount Budgeted	Amount Spent
Savings	\$80.00	\$0.00
Monthly Expenses	Amount Budgeted	Amount Spent
Household		
Money to parents/guardian		
Total:	\$0.00	\$0.00
Food		
Snacks	\$30.00	\$35.00
Eating Out	\$45.00	\$50.00
Total:	\$75.00	\$85.00
Transportation		
Gas/Fuel	\$80.00	\$75.00
Vehicle Repairs/Maintenance	\$20.00	\$70.00
Bus fees		
Vehicle Insurance		
Other		
Total:	\$100.00	\$145.00
Entertainment		
Cell phone	\$25.00	\$25.00
Internet	\$10.00	\$10.00
Movies/Concerts/Sports	\$20.00	\$50.00
Music/Games	\$50.00	\$60.00
Hobbies		
Total:	\$105.00	\$145.00
Personal		
Hair Cut	\$20.00	\$20.00
Clothes/Shoes	\$80.00	\$65.00
Gifts		
Toiletries (toothpaste, cologne, etc.)		
Laundry		
Miscellaneous	\$40.00	\$30.00
Total:	\$140.00	\$115.00
Charity		
Donations		\$10.00
Total:	\$0.00	\$10.00
Total Expenses	\$500.00	\$500.00
Income minus Expenses (should = \$0)	\$0.00	\$0.00



Personal Budgeting

Practical Exercise #3

- Using a provided budget worksheet form, the Commandant explains how to use the worksheet, walking through each row and column on the worksheet, using a completed worksheet as an example.*
- Cadets plug in their own numbers on the worksheet. If the Cadet doesn't have numbers to plug in, then he/she should put in some numbers as a model for them to follow.*

****Blank (with and without formulas) and Example budget worksheets are available on the CACC Curriculum web page both electronically and for printing hard copies***



Check on Learning

1. What is the purpose of a personal budget?
2. Name some tools you can use to create a personal budget.



LIFE AFTER HIGH SCHOOL



Life After High School

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

7. Make a plan for saving for life after high school

Essential Questions:

1. What do I want to do after I finish high school?
2. How am I going to fund what I want to do?



Life After High School

What are you going to do after high school?

- Prepare now!
- The sooner you start preparing, the better
- Regardless of plans, financial resources likely needed to fund your plan
- Put money away in savings





Life After High School

College or a vocational/trade school?

- **Paying back student loans can be a big financial burden for a very long time!**
 - *Because of the burden & stress, student loans are not an ideal way to finance college or trade/vocational education*
- **Live at home while attending school**
 - *Can save you money*
- **Work part-time while attending school**
 - *Can help pay for school*





Life After High School

- Take “a gap year”?
 - What will you do?
 - How will you support yourself?
- Travel?
 - How will you pay for it?





Life After High School



- Will you get a job or do you currently have a job?
 - Are you saving money?
 - *If not, it's time to start!*
 - Plan to get a job?
 - Start saving money as soon as you start receiving it
- Live at home after high school?
 - Do you need to help your parent(s) or guardian with expenses?



Life After High School

- Entering the military?
 - **May be a good option to:**
 - get a job skill
 - pay for college using the GI Bill after leaving the military





Life After High School

Gap Year and Travel Financing and Savings*

- Most gap years tend to involve travel of some kind
 - Many countries offer doing paid work while on a tourist visa
- Paid Internship
- Working or interning gives you on-the-job experience to:
 - Gain understanding of your strengths & weaknesses in a job
 - Learn likes & dislikes in a job
 - Prepare you for a more meaningful college experience



Life After High School

Practical Exercise

Take some time to think through the following questions, then **write down your answers**.

1. What do I want to do after I finish high school?
2. How am I going to fund what I want to do?



Life After High School

Planning for life after high school involves a lot of money planning!

Get started now !

It is the smart thing to do!





Check on Learning

1. Name things high school students may need to plan for after finishing high school.
2. What are ways to fund those things?