

MIDDLE SCHOOL PERSONAL FINANCE

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LENDING, CREDIT, & FINANCIAL SERVICES

Assign the following financial services terms to the most appropriate situation. Use each term only once.

FINANCIAL SERVICES

- **401(k):** An employer-sponsored retirement savings account where employees contribute part of their paycheck and contributions may be matched by the employer.
- **Auto Loan:** A loan specifically to buy a car.
- **CD:** A certificate of deposit is an agreement to leave money in a specific account for a set amount of time. CD's usually earn a higher interest rate than an average savings account.
- **Checking Account:** An account at a bank or credit union meant for everyday transactions. The account can be connected to checks or a debit card so it's easy to move money in or out. Checking accounts don't earn interest.
- **Credit Card:** A card you use to borrow money for everyday purchases and pay it back, with interest, later. Using a credit card responsibly can help you improve your credit score.
- **Debit Card:** A card that directly accesses money in a checking account to pay for things.
- **IRA:** An individual retirement account is a savings account specifically dedicated to retirement, meaning there are rules about when money is withdrawn. The account can be set up at most financial institutions.
- **Mortgage:** A long-term loan, usually 15 to 30 years, used to purchase a home.
- **Savings Account:** An account at a financial institution dedicated to saving and growing money. The account earns interest, has no card linked to it, and there are often limits to how often money can be moved in or out of it in a month.
- **Student Loan:** Money borrowed by a student to finance their education.

SITUATIONS

1. Emma applies for an so that she can afford to buy a new car for her commute to work.
2. Dan wants to start earning interest on his money so he opens a
3. Maleah uses her at the grocery store so that she doesn't have to worry about paying the money back later.
4. Randy's new employer explains that a is a part of his benefits, so he'll need to decide how much of his paycheck he wants to contribute.
5. Lara is headed to the college of her dreams, but she'll be using a to help pay for tuition.
6. Maya tells her employer to put her paycheck directly into her so that she can keep it safe but still access it easily for everyday purchases.
7. JK wants to start saving for his retirement, but his employer doesn't offer any retirement benefits, so he opens an at his financial institution.
8. David gets a from his financial institution because he's saved up some money he won't need for a while and wants to earn as much interest on it as he can.
9. Jerome decides to use his for small purchases every once in a while so that he can start building up his credit score.
10. Sam and Jen talk to their financial institution about what they need to do to qualify for a and start looking for homes.

SUPPLY, DEMAND, AND YOU

Changes in the economy ripple down to your everyday interactions. For example, if either supply or demand changes, many other things are impacted. For each scenario, decide how supply and demand changed and how that impacts other economic factors by circling the appropriate symbol.

ECONOMIC FACTORS

- **Supply:** The amount of a resource that's available.
- **Demand:** The amount of a resource that's wanted or needed.

WHICH IMPACT...

- **Competition:** How much companies compete with each other to get the same resources (materials, employees, etc.). When supply is lower than demand, competition usually goes up.
- **Price:** How much something costs. When demand is higher than supply, prices may go up because people are willing to pay more.
- **Wages:** How much someone is paid for their work. If competition is high, employers typically pay more to get and keep workers.

Sample Problem:

A sports store didn't sell as many coats during the winter as they expected and are now trying to get rid of them during the summer.

How has the supply and demand of winter coats at this store changed?

Supply ↑ ↓ =

Demand ↑ ↓ =

That means... Price ↑ ↓ =

1. Oliver set up his usual lemonade stand at the park, but it's a rainy day and not many people come to visit. How has the supply and demand of lemonade at this park changed?

Supply	↑	↓	=
Demand	↑	↓	=

That means... **Price** ↑ ↓ =

2. Flooding in Florida destroyed crops, so grocery stores in Michigan only got about half of their expected shipment of oranges. How has the supply and demand of oranges at these stores changed?

Supply	↑	↓	=
Demand	↑	↓	=

That means... **Price** ↑ ↓ =

3. One of the two rival pasta-and-bowling restaurants downtown closed after they failed a health inspection. How has the supply and demand of this type of restaurant changed?

Supply	↑	↓	=
Demand	↑	↓	=

That means... **Competition** ↑ ↓ =

4. Three new theater companies all open in the same city around the same time, each one looking to get dancers, actors, and performers on their payroll. How has the supply and demand of performers in this city changed?

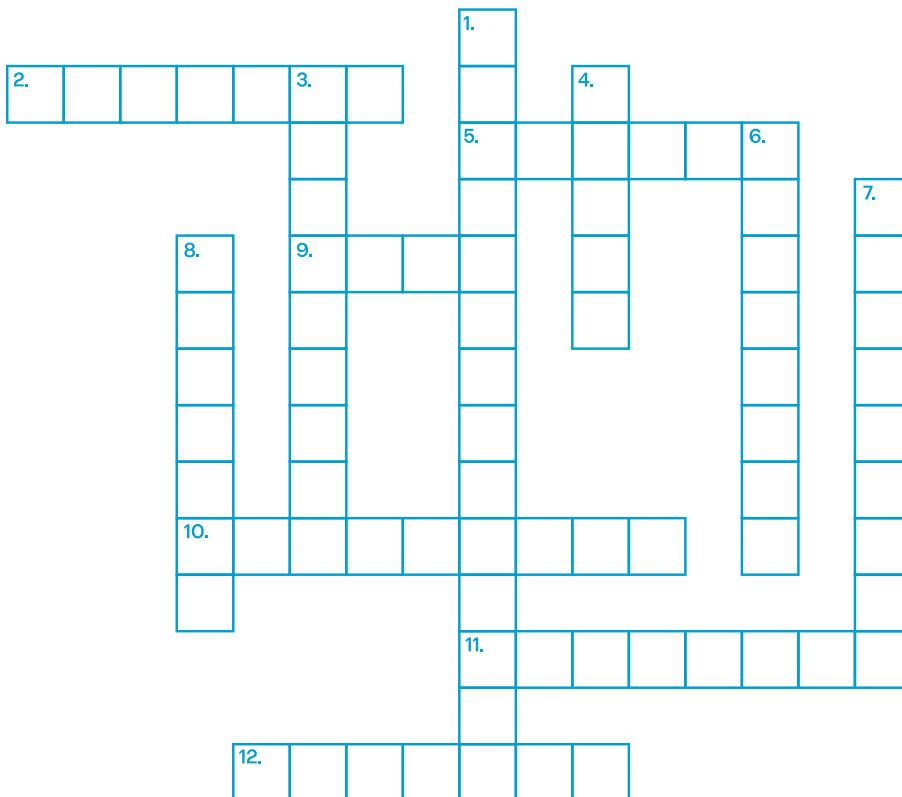
Supply	↑	↓	=
Demand	↑	↓	=

That means... **Competition** ↑ ↓ =

And... **Wages** ↑ ↓ =

CROSSWORD

Use the clues to help you complete the crossword.
You might have to look up a few definitions.



Wordbank

Insurance, Deposit, Interest, Overdraft, Paystub, Loan, Reconciliation, Transfer, Utilities, Balance, Credit, Debit

Across

2. A document showing your gross and net pay
 5. Money lent to you for a time
 9. Money lent to someone else in exchange for future payment
 10. A product designed to protect you from a financial risk
 11. The percentage cost of borrowing money from someone else
 12. An amount of money owed or available in an account
-

Down

1. A way to balance your account records with your bank or your credit union
3. A term used to reference electric, water, gas, and other services
4. Money removed from your account
6. When money is moved from one account to another
7. Credit extended from a bank or credit union when a checking account is empty
8. Turning your money over to a financial institution for safekeeping

SAVING OR INVESTING

Do you know the difference between saving and investing? The financial strategies have some important similarities and differences. Read the scenarios and identify if they represent saving or investing.

- **Savings:** Money set aside for short-term financial goals. Most savings vehicles offer lower risk and lower rewards over time.
- **Investing:** Money set aside for long-term financial goals. Investments carry higher risk but greater rewards over time.

Hint: For each scenario, consider whether the person is guaranteed to get their money back + earn interest (saving) or if they are taking a risk and may lose their money + what they earned (investing).

	Saving	Investing
1. Putting money into a CD.	<input checked="" type="radio"/>	<input type="radio"/>
2. Putting money aside for a down payment on a home.	<input type="radio"/>	<input type="radio"/>
3. Spending money on a business startup.	<input type="radio"/>	<input type="radio"/>
4. Buying stocks with hopes of a potential return.	<input type="radio"/>	<input type="radio"/>
5. Putting money into high-yield savings account at 5.17%.	<input type="radio"/>	<input type="radio"/>
6. Buying real estate to sell after the value increases.	<input type="radio"/>	<input type="radio"/>
7. Making contributions to a retirement account.	<input type="radio"/>	<input type="radio"/>
8. Setting money aside for a future vacation.	<input type="radio"/>	<input type="radio"/>

BUDGETING PRACTICE

Carlos really wants to move into a brand new apartment complex nearby. Rent for a one bedroom is \$1,600 a month. Go through Carlos’ finances to see if he can afford it with his current budget.

Carlos makes **\$3,200** after taxes each month.

- 1. \$200 car payment/monthly \$.....left over
- 2. \$20 on gas/weekly* \$.....left over
- 3. \$100 in food and restaurant expenses/weekly* \$.....left over
- 4. 10% of his total income into an emergency fund/monthly \$.....left over
- 5. 10% of his total income toward his vacation fund/monthly \$.....left over
- 6. \$40 on a gym membership/monthly \$.....left over
- 7. \$30 for streaming subscriptions/monthly \$.....left over
- 8. \$300 for remaining expenses/monthly \$.....total remaining

9. Can Carlos afford to move into the new apartment complex?
.....

10. If he can't afford it or if he wanted more money left over, what would you recommend he change in his budget? Why?
.....
.....
.....
.....

*All weekly expenses should be multiplied by 4.

Mia is required to pay **at least \$50** a month toward her student loans, but she’s made a goal to pay them off as quickly as possible by paying more. Go through her budget to find the max she can afford to pay each month.

Mia makes **\$2,100** after taxes each month.

- 1. \$1,800 in rent that she splits with a roommate/monthly \$.....**left over**
- 2. \$70 on groceries and restaurants/weekly* \$.....**left over**
- 3. \$100 for emergencies/monthly \$.....**left over**
- 4. \$40 on gas/weekly* \$.....**left over**
- 5. \$70 for medical debt/monthly \$.....**left over**
- 6. \$200 on classes and food for her new puppy/monthly \$.....**left over**
- 7. \$20 in income for nannying her sister’s kids/weekly* \$.....**left over**
- 8. \$250 for her remaining expenses/monthly \$.....**total remaining**

9. How much more can Mia afford to pay toward student loans on top of the required \$50?
.....

10. Once Mia pays off her student loans, what would you recommend she do with that extra money each month? Why?
.....
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.....

*All weekly expenses should be multiplied by 4.

READING CHALLENGE

Credit and Debit

Successfully using credit can help someone achieve their financial goals, but it requires walking a thin line. Taking on too much debt can be damaging. One way to see this play out is through credit cards. When you use a credit card to buy something, you're borrowing money rather than taking it straight from a checking account. You can borrow up to a specific amount, called your credit limit. Once the money is paid back, you can borrow it again. If you only make the minimum payment and don't pay off your credit card in full every month, the money left unpaid accrues interest. Borrowing money on a credit card gives you more time to pay off bigger purchases and also shows lenders that you can responsibly pay it back. But if you borrow more than you can quickly afford to pay back, it hurts your ability to borrow in the future and you'll end up owing far more than you borrowed.

1. Describe the full cycle of borrowing and paying back money with a credit card.

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2. Based on context clues, what's a minimum payment?

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3. How can using a credit card be helpful?

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.....

4. How can using a credit card be hurtful?

.....

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5. The paragraph cautions against borrowing more than you can afford to pay back. How could someone figure out what they can afford?

.....

.....

Saving with a Purpose

The most efficient saving methods help your money grow. A regular savings account has a nominal interest rate, but a high-yield savings account or certificate of deposit can help you earn much more. These accounts are usually available at any bank or credit union. It's best to think of your savings not just as stockpiling extra money, but as an account with a specific purpose. You could be building an emergency fund, saving toward a vacation, earning the down payment for a house, or anything else that's important to you. A specific savings goal motivates you and makes it easier to part with money now to focus on the future. And while it may feel like it, it's never too early to start thinking about retirement. The sooner you start contributing to something like a 401(k), an investment account through an employer, or an IRA, the more time that money has to grow.

- 1.** What two savings options does the paragraph list that could help you save more than a regular savings account?

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.....

- 2.** Why is it beneficial to save with a purpose?

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.....

- 3.** The paragraph describes several specific purposes you could be saving for. What's another option that you would add to this list?

.....
.....

- 4.** When does the paragraph recommend you start saving for retirement?

.....
.....

- 5.** Using your own words and the context of the description in the paragraph, describe what a 401(k) is.

.....
.....

CHECK AND DEPOSIT SLIP

Although technology has changed how people pay for things or deposit money, there are still circumstances where you may need to write a check or fill out a deposit slip.

Choose a partner in class and pretend you are each selling something to one another.

Ask your partner what they're selling and how much it costs. Use the info your partner gives you and the **Check Instructions** to fill out the **Sample Check**. Cut out the Sample Check and give it to your partner. Sign the back of the check you receive to endorse it. Now it's ready to deposit to your account.

Use the check from your partner to fill out the date and name of the Deposit Slip. Then write the amount next to Checks and add a Subtotal. If you want some of the money now, put that amount next to **Less Cash**. That amount is deducted from the Subtotal and given to you in cash. The Total is deposited into your account.



DEPOSIT SLIP

Deposit		
Date _____		
Name _____		
Account Number _____ 123456789		
Banzai Financial Financial, USA 00000		
Cash	0	00
Checks		
Subtotal		
Less Cash		
Total		

CHECK INSTRUCTIONS

Banzai! Date _____ 1025

Who you're giving the check to _____ \$ Amount

Amount written out in words _____ Dollars  

Memo: what is this check for? _____ Signature _____



Routing Number _____ Account Number _____ Check Number _____



SAMPLE CHECK

Banzai! Date _____ 1025

Pay to the order of _____ \$

_____ Dollars  

Memo _____

123456789 123456789 1025

Endorse Here

Do not write, stamp, or sign
below this line reserved for
financial institution use.



Banzai!

THE POWER OF INTEREST

Interest is the price you pay to borrow money or the price you charge to lend money. Simple interest is calculated as a percentage of the principal (original) amount borrowed. Compound interest is calculated on the principal and the accumulated interest—it’s interest on interest.

Use this formula to fill in the blanks below, using \$200.00 invested at 3% for 5 years.

$$\text{Amount that earns interest} \times \text{Interest rate} = \text{Interest earned} + \text{Previous account total} = \text{New account total}$$

SIMPLE INTEREST

After 1 year	\$200.00	X	0.03	=	\$6.00	+	\$200.00	=	\$206.00
After 2 years	\$200.00	X	0.03	=	.....	+	\$206.00	=	\$212.00
After 3 years	.....	X	0.03	=	.....	+	.....	=	.....
After 4 years	\$200.00	X	.....	=	\$6.00	+	\$218.00	=	.....
After 5 years	.....	X	.....	=	.....	+	.....	=	.....
Total Interest Earned				=	\$30.00				

COMPOUND INTEREST

After 1 year	\$200.00	X	0.03	=	\$6.00	+	\$200.00	=	\$206.00
After 2 years	\$206.00	X	0.03	=	\$6.18	+	\$206.00	=	\$212.18
After 3 years	.....	X	0.03	=	\$6.36	+	.....	=	\$218.54
After 4 years	\$218.54	X	.....	=	\$6.55	+	.....	=	\$225.09
After 5 years	.....	X	0.03	=	\$6.75	+	.....	=	\$231.84
Total Interest Earned				=	\$31.84				

