Teaching our young people to manage their finances should be as much a part of their curriculum as teaching them grammar... it will impact their ability to purchase a home, raise a family and prepare for retirement.

- Susan Molinari, National Chairperson
  Americans for Consumer Education and Competition

Section III
Money Management
Dream Life

This lesson is intended to help students identify long term goals and jobs they might enjoy and be qualified for, and investigate opportunities and the costs of living. It encourages students to think about educational needs for particular jobs, the costs of a home, car and family, and their role in society.

The lesson can be used as a cumulative project, or as several separate assignments over the course of a semester. It can be used to enhance a variety of skills including writing, analysis, logical thinking, and research and Internet skills.
Dream Life

NCSCOS Civics and Economics Objective(s):

7.04 Analyze the impact on economic activities of specialization, division of labor, consumption and production increases.

8.02 Describe how the free enterprise system encourages private ownership of property and promotes individual initiative.

10.03 Evaluate the importance of supporting, nurturing, and educating oneself in the United States society.

10.04 Demonstrate characteristics of effective citizenship.

Warm-Up/Bell Ringer:
Write the following questions on the board:
- Why do people work?
- Why do people need money?
- What kinds of jobs do people you know have?
- How did they get those jobs?
- How do the choices we make affect our lives?

Links To Prior Learning:
Students should be aware of jobs, employment, wages, and choices people make to prepare for adult life.

Students should also know that there are types of taxes, including state and federal income taxes.

Key Questions:
1. Where will you be at age 30?
2. What kind of job will you have? Where will you work?
3. What kind of house will you live in? Where?
4. How will you contribute to society? What will your family needs be? How will you save for retirement?

5. What will your life look like? What do you need to do to get there?

**Materials and Resources Needed:**
“Dream Life Essay” student activity
“Job Comparison: Opticians, Optometrists, Ophthalmologists” student notes
“Phase One: The Job” student activity
“Calculating Disposable Income: Optometrist” student activity
“Calculating Disposable Income” student activity
“Phase Two: The Shelter” student activity
“Determining the Cost of Housing” student activity
“Phase Three: The Vehicle” student activity
“Phase Four: The Rest of Your Life” student activity
“Summary Activity” student activity
Internet
Computers for word processing
Calculators

**Time Required:**
One to four class days, or may be broken down into weekly projects

**Links to Prior Learning:**
Students should be aware of choices made by the adults in their lives: education, jobs, marriage, children, service to community, etc.

**Purpose/Objective of this Lesson:**
- Investigate jobs and employment, along with skills and education needed.
- Apply and understand the purpose of income taxes on disposable and discretionary income.
- Understand the relationship between income and spending on important purchases such as housing, transportation, and other necessities.
• Understand and plan for active citizenship by investigating service opportunities

**Teacher Input:**
• Review the four factors of production, and point out that most income earned in United States is in the form of wages/salary.
• Review the business cycle.
• Review that according to statistics, the more education you have, the more you earn.
• Review concept that jobs provide compensation packages (pay, health insurance, vacation, educational opportunities) and that choosing jobs involves type of work, skills, where/how, and satisfaction.

**Strategies for Differentiation:**
• Work in small groups
• Use spread sheets to do calculations

**Class Activity**
Dream Life: Students will write a four paragraph paper about what their life will look like at age 30.

**Guided Practice:**
Discuss the need to plan for life. It is estimated that 99% of all people will need to work for a living. Finding a job that is interesting, suits your personality and pays a living wage takes planning and education. Additionally, how one lives will make a difference in terms of the income needed to afford extras like a home, a car and a family.

**Independent Practice:**
Dream Life Essay Assignment
Dream Life Essay

Write an essay about your dream life. Assume you are 25 years old. Answer the following questions:

1. What kind of work will you be doing? (You must work.) Identify your dream job, then be realistic and indicate a more likely career for you based on what you like to do, education you will achieve, and interests.

2. What will your living situation be: where (geographically), with whom, how many? What will you live in: house, apartment, tent? How will it be furnished?

3. What kind of car will you drive? Big or small, economical or expensive, luxury or basic?

4. What will your hobbies be?

5. How will you contribute to society? Volunteer work, charitable donations, church or other?
# Job Comparison:
## Opticians, Optometrists, Ophthalmologists
*(Student Notes)*

<table>
<thead>
<tr>
<th></th>
<th>Opticians</th>
<th>Optometrists</th>
<th>Ophthalmologists</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nature of work</strong></td>
<td>Fit glasses and sometimes contacts; review prescriptions; keep records.</td>
<td>Perform tests on patients to diagnose vision needs as well as problems and diseases such as glaucoma; treat patients who have infections and contributing issues such as diabetes.</td>
<td>Diagnose patients; treat for disease; perform surgery for patients who need cataracts removed; laser surgery and others issues.</td>
</tr>
<tr>
<td><strong>Working Conditions</strong></td>
<td>40 hours a week, may require retail hours (weekends, evenings); clean and neat facilities, one patient at a time; often with appointments.</td>
<td>At least 40 hours a week, some call-in (increasing); clean, well lighted offices; often manage their own business with office and staff.</td>
<td>50 hours a week or more; on call responsibilities on rotating basis for most practices.</td>
</tr>
<tr>
<td><strong>Skills/Education</strong></td>
<td>Generally requires high school degree, with 1-2 years of community college or apprenticeship; basic knowledge of anatomy and physics.</td>
<td>High School, AND 3-4 years of college, AND Doctor of Optometry degree, which usually takes 3-4 years.</td>
<td>High School AND Bachelor's degree (four years) AND Medical School (four years) and Internship and Residency (3-6 years). Often requires post graduate work</td>
</tr>
<tr>
<td><strong>Pay</strong></td>
<td>$25,600</td>
<td>$86,100</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>Growth of profession</strong></td>
<td>About average, with some job security</td>
<td>About average, with some slight growth, as research develops and baby boomers age</td>
<td>About average</td>
</tr>
</tbody>
</table>
PHASE ONE, THE JOB

1. Choose a particular job and investigate it on the website: http://www.bls.gov/oco

   A. Type of work
   B. Working conditions
   C. Average time at work
   D. Do you work for yourself or a business (proprietorship, partnership or corporation)?
   E. Required training
   F. Job Opportunities
   G. Salary range and average earnings
      (Assume you will earn the median)
   H. Fringe benefits you will realistically earn (health insurance, life insurance, paid vacation, sick leave, etc.)

2. Write a well constructed three paragraph paper.
   Cite the website: http://www.bls.gov/oco

3. Using the chart, calculate your take home pay (disposable income).
Calculating Disposable Income: Optometrist

<table>
<thead>
<tr>
<th>Step</th>
<th>Gross Monthly Income</th>
<th>Gross Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Monthly Income</strong> $7,175</td>
<td></td>
<td><strong>Gross Annual Income $86,100</strong></td>
</tr>
<tr>
<td>Minus Federal Income tax (20%) $1,435</td>
<td></td>
<td>$17,220</td>
</tr>
<tr>
<td><strong>Income after Federal Income tax</strong> $5,740</td>
<td></td>
<td>$68,880</td>
</tr>
<tr>
<td>Minus State Income Tax (7%) (Use gross) $502</td>
<td></td>
<td>$6,027</td>
</tr>
<tr>
<td><strong>Income after Federal and State Income tax</strong> $5,238</td>
<td></td>
<td>$62,853</td>
</tr>
<tr>
<td>Minus FICA (7.65%) (Social Security) $549</td>
<td></td>
<td>$6,587</td>
</tr>
<tr>
<td><strong>Disposable Income (Income after Federal, State and Social Security taxes)</strong> $4,689</td>
<td></td>
<td>$56,266</td>
</tr>
</tbody>
</table>

**Federal Income Tax:** Paid to federal government in first part of year, for previous year, to help fund United States government.

**State Income Tax:** Paid to North Carolina government in first part of year, for previous year, to help fund state government activities.

**FICA (Federal Insurance Contribution):** Commonly known as social security, 7.65% is paid by employee, and another 7.65% is paid by employer to fund social security or government managed retirement funds.
Student Activity

Calculating Disposable Income

$________________
Total Income

<table>
<thead>
<tr>
<th></th>
<th>Gross Monthly Income</th>
<th>Gross Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minus Federal Income tax (20%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income after Federal Income Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minus State Income Tax (7%) (Use gross)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income after federal and State Income Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minus FICA (7.65%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposable Income</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Income after federal, state and social security taxes)
Student Activity
Name___________________
Period_______ Date________

Directions: Using the data collected in the Calculating Disposable Income chart, answer the following questions.

1. What do you think about this calculation? Does it seem fair?

2. What do you get for your federal taxes?

3. What do you get for your state taxes?

4. What do you get for your social security taxes?
PHASE TWO: SHELTER

1. Think about how you will live: rent an apartment, buy a house, share a house, live at home.

2. Research using local sources for options
   A. Local newspapers should have an insert on a weekly basis, as well as listing options every day.
   B. Select a house or apartment from paper, or magazine (found at video, grocery and other stores). Include picture, and description.
   C. Mortgage Calculator; use any you wish, these may help.

3. Cost of furnishing the house: usually about 15% of housing cost

4. Estimate basic expenses(monthly and annual):
   A. Insurance (rental or homeowners): this covers theft, flooding, and other things that might happen.
   B. Electricity and Gas: this is cost for cooling and heating your home.
   C. Water/garbage: Sometimes included in rent payment, but not always. (Sometimes paid to the city)
   D. Phone: Decide whether you will have a land line, or cell phone or both.
   E. Cable: Include basic cable and any extended service that you might have. Does it include Internet connection?
   F. Ask your parents for suggestions.
5. Your total monthly payment must be less than 30% of take home pay (disposable income).

6. For homeowners:

   A. Assume insurance cost of 1% value of the home.
      For example, if your home is worth $120,000, \((120,000 \times 0.01) = 1200\) of insurance annually, or $100 per month

   B. Assume 1% tax rate.
      For example, if your home is worth $120,000, \((120,000 \times 0.01) = 1200\)

7. Write a paragraph describing the house, who lives there and the weekly, monthly and annual estimate of time (yard, maintenance, upgrades).
Determining the Cost of Housing
(Example)

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Annual (monthly x 12)</th>
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</thead>
<tbody>
<tr>
<td>Housing payment</td>
<td>$1,200</td>
<td>$14,400</td>
</tr>
<tr>
<td>Insurance</td>
<td>$100</td>
<td>$1,200</td>
</tr>
<tr>
<td>Heating and cooling</td>
<td>$250</td>
<td>$3,000</td>
</tr>
<tr>
<td>(electricity and/or gas)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water/garbage</td>
<td>$50</td>
<td>$600</td>
</tr>
<tr>
<td>Phone</td>
<td>$100</td>
<td>$1,200</td>
</tr>
<tr>
<td>Cable</td>
<td>$100</td>
<td>$1,200</td>
</tr>
<tr>
<td><strong>Total Cost of Living Payment</strong></td>
<td><strong>$1,800</strong></td>
<td><strong>$21,600</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income after federal, state and social security taxes</td>
<td>$4,689</td>
<td>$56,266</td>
</tr>
<tr>
<td>MINUS Cost of housing</td>
<td>$1,800</td>
<td>$21,600</td>
</tr>
<tr>
<td>30% of Income after taxes</td>
<td>$1,407</td>
<td>$16,880</td>
</tr>
</tbody>
</table>

This house is TOO Expensive!
Student Activity

Determining the Cost of Housing

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Annual (monthly x 12)</th>
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</thead>
<tbody>
<tr>
<td>Housing payment</td>
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<tr>
<td>Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heating and cooling</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
  (electricity and/or gas) |
| Water/garbage         |         |                       |
| Phone                 |         |                       |
| Cable                 |         |                       |
| Other costs (explain) |         |                       |
| **Total Cost of Living Payment** |         |                       |

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income after federal, state and social security taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MINUS Cost of housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30% of Income after taxes. Is it affordable?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Discretionary Income</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Name__________________
Period_____ Date_________
PHASE THREE: VEHICLE

1. Identify the kind and number of cars you own (lease).
   A. Indicate a monthly and annual budget for
      1. Gas
      2. Regular maintenance
      3. Assume $50/month
         $100/month if it is over five years old
   
   B. Vehicle costs: Assume you purchase a car, investigate the costs of financing:
      1. www.householdauto.com
      2. www.carsdirect.com

2. Car Insurance
   A. Call your parents’ insurance agent. If you identify yourself and indicate that you are working on a project for school, most agents will be happy to help you.
      Caution: DON’T WAIT UNTIL THE LAST MINUTE!
   
   B. Assume you carry
      1. Liability: covers bodily injury and property damage if you are at fault ($100,000/$300,000)
      
      2. Collision: Covers your car if you are in an accident ($100,000)
      
      3. Comprehensive: covers most other incidents: fire, theft, and vandalism ($100,000)
      
      C. You will need to know what kind of car and the age of the car to get a quote. Assume you are 30 years old.
3. Essay: Provide a three paragraph essay on the type of car you selected, why, and insurance coverage you carry. Provide a picture of your car, with costs associated with owning the car.

**PHASE THREE: VEHICLE**

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discretionary Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income left</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PHASE FOUR: The Rest Of Your Life

If you are married, write a description of your spouse’s job, similar to the directions in PHASE ONE.

**Savings:** Americans save about 2% of their income, while financial planners assume they should save 10%.

**Retirement:** If you want to live on more than social security (maximum of $30,000/year), you should save 10% (Gross pay) for retirement. If only one spouse works outside the home, save 20%, so both people can retire.

**General savings:** If two people are working, assume you save 6% of your gross income (before taxes and other expenses). If you plan to have children add another 5% for each child you have. If you want to have two children you will save 6% per person (savings), plus 3% (for each child), plus 3% of your gross monthly income, for a total of 12%.

Society is not run by the government alone. Active and involved citizens improve society by contributing time, skills and money. Assume that you will give through charitable donations and volunteerism. Choose two groups, investigate their needs, and allocate between 5 and 10% of your income to those organizations. Suggestions include places of worship, educational associations (colleges, public schools), and other charitable organizations (i.e., Habitat for Humanity, Goodwill, Humane Society, etc.).
Document other assumptions:

Children cost $1,000/month per child for 25 years.
Housekeeper or yard work is $100 per visit.
Dogs are $600 per year; Cats $400 per year.

Food: Write a paragraph about expenses related to how often you will eat.
It may be easier to estimate this weekly and then multiply by four for the monthly cost.

If you eat out, discuss what types of restaurants you will frequent. Estimate the total cost of the meal, including the tip.

If you are dating, occasionally treat your girlfriend/boyfriend and figure that cost into the budget.

If you eat at home, talk with your parents to get a better understanding for the expenses involved.

Be sure to include drinks and snacks you purchase. (i.e., the convenience store, or from snack machines).

If you are married or have children, food expenses are multiplied by the number of people in your family.

Clothing: Estimate the monthly amount you will spend on clothing. Discuss in a paragraph where you will shop, and how often. Discuss with your parents to get a more realistic estimate:

- Monthly expenditure on clothes
- Married or with children, multiply by number of people
Entertainment: Write a paragraph indicating what types of activities you will engage in for fun. Include a realistic estimate.

Discuss things such as:
If you go to the movies, do you buy popcorn and drinks? If you skate, include the costs of shin guards, popcorn and drinks.

For a yearly vacation, look at the advertisements in magazines and papers.

Monthly entertainment: ______________________

Annual vacation costs: ______________________
# Student Activity

Name ___________________

Period _____ Date_________

<table>
<thead>
<tr>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income after taxes, shelter and vehicle</td>
<td></td>
</tr>
<tr>
<td>Assumptions</td>
<td></td>
</tr>
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<td></td>
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</table>

Secondary Education Division  
North Carolina Department of Public Instruction  
2006
SUMMARY ACTIVITY

1. Write a three paragraph essay about what you learned about the following:
   A. Cost of taxes
   B. Cost of shelter
   C. Cost of vehicle
   D. Family costs

2. Answer the following questions:
   A. How will you achieve your goals?
   B. How will you contribute to society?

3. What have you learned from this lesson:
   A. About yourself?
   B. About your parents?
   C. About your future life?

4. For reflection:
   A. What would make this project MORE useful to you?
   B. What specific changes can you suggest?
Family Financial Project
A one-two week project to coincide with a personal finance unit

This lesson describes a multi-day project to be used at the end of an economics unit. The following lesson helps students understand that Civics and Economics has real life applications. After the teacher introduces a concept such as taxation, the students will complete a compatible activity to reinforce knowledge. Students will be asked to recall prior knowledge of taxation, banking, credit, and insurance choices. The lesson plan includes student directions, reproducible activity sheets, and a grading rubric.

It is possible to extend the project in a semester-long economics elective where the task list expands to 40-50 items and requires a greater level of understanding and application by the student. Typically, this is a project that has great "buy-in" from parents as well as the students due to the real life application.
Family Financial Project

NCSCOS Civics and Economics Goals and Objective(s):

7.02 Explain how scarcity influences producers and consumers to make choices.
8.08 Evaluate the investment decision made by individuals.
8.09 Describe the role of money in trading, borrowing, and investing.
9.07 Analyze the short vs. long term effects of monetary and fiscal policy.

Warm-Up/Bell Ringer:
Use any topic covered by this lesson (i.e., banking, taxes, credit, insurance) to write a review question for students.

Key Questions:
1. What are basic economic questions that must be addressed by all families?

2. How do the economic concepts of trade-off, opportunity cost, and scarcity apply to family financial decisions?
Materials Needed:
The following activity sheets are needed to complete the project and are included with this lesson plan.

1. Project guidelines for students
2. Family options (cards)
3. Grading rubric
4. 1040 EZ tax form (See http://www.irs.gov)
5. Monthly budget options and grid
6. Bank product investigation with check writing
7. Sample credit application
8. Online vehicle search
   (Students will select their own vehicle/company)
9. Online mortgage search
10. Grocery shopping list
11. Insurance comparison

Time/Pacing:
This project should coincide with on-going lessons that will teach the major topics (banking, taxes, insurance, and credit). This project can take 1-2 weeks based on pacing.

Link(s) to Prior Learning:
All topics covered in this project will coincide with classroom learning. Each day a new topic will be introduced, modeled by the teacher, and then students will be asked to apply to their own family situation.

Purpose/Objective of this Lesson:
Students will be able to complete basic personal finance tasks that will recall prior knowledge of banking, taxes, credit, and insurance. This unit is designed to coincide with the teaching of a one-two week personal finance unit.
Teacher Input:
Each task for the project corresponds to a one-two day lesson on a specific topic. After the teacher discusses the notes, and models an example with students, the students move into their family groups and apply the day’s lesson. (i.e., After the teacher covers a 1040 EZ tax form using a phony W2 and real tax tables, the teacher will provide each family their own W-2 form based on their income and have them determine their own taxes).

Continuous Assessment Tools/Strategies:
When tested on this material, the test consists of application-based questions to recall student knowledge. Such items include creation of a budget, completing a tax form, identifying parts of a credit report and comparison of insurance choices. To extend the project, the teacher or students can write “life” cards that will be randomly handed out that will change the family situation (lay off, birth, death, accident/sickness, inherit money). Students will be asked to account for the life event into their family budget and narrative.

Strategies for Differentiation:
The teacher can add to and take away any of the ten required tasks depending on the topics covered and the time allowed for the project. An additional requirement would be to have the students write a narrative describing their family or to provide a visual that describes their family. Students could also act out an event or “day in the life” of their family.

Class Activity:
Each day after the teacher covers a new concept, students should be given time to practice the new material by working with their “family” to complete one of the ten tasks required for the family financial project (i.e., after teaching different types of insurance, students will complete the “Insurance Choices” activity sheet that is a required piece of the project).
Summary/Closure:
Each group participates in a self/group reflection that will be included as part of their individual grade. Plan a “family” presentation day with a group discussion of the project, challenges, successes, and ways to change for the next year on the final day of the project.

Homework:
Each group divides the ten tasks to be completed and the visual for the presentation over the 7-14 day unit. The teacher should require “check-in” days to monitor on-task behavior.
Family Finances Assignment

What?
This is a group assignment and will require each student to work in a group that has been given a list of family demographics. Each group will have 3-4 “family” members and will operate as a family to make personal economic decisions. You must decide as a family how to complete the given tasks.

How will we do this?
1. The group will turn in a folder of their work. This will include all assignments, listing of group members, and a group evaluation of each student’s contribution to the project. Each group can use the folder provided by the teacher, or groups can choose to use a group-created folder to display your family’s creativity.

2. Each family will be given 5-10 minutes to present at the end of the project. All family members will verbally present in some way. Think about how you want to introduce your family to the class. Remember overall guidelines for projects at school, "If it is illegal for you to do or possess at the age you are now, then it has no place in your project.” Overall grades will include a separate presentation grade. Treat the presentation as an important part to plan before you stand up in front of the class.

3. Each group will prepare at least one type of visual to be shown during your presentation.

Ideas for visuals:
- Poster
- Skit; acting out a “day in the life of” or event in your family
- Pictures or collage
- Calendar of your family’s weekly/monthly schedule
- Map
- Graph or chart
• Timeline
• Overhead
• Handout to the class
• Mobile
• Model (floor plan of house or exterior)

4. Grading: Your individual grade will come from several areas:
   
a. Turning in a completed folder of tasks
b. Class presentation with at least one visual
c. Group/Self Evaluation of your participation during this project

Your group must complete all ten items on the list as part of the assignment. Your teacher will give you all of the forms/sheets your family needs except for #1, the family narrative. This assignment is designed to help you apply what you learned in class to your individual family. Complete your family’s part (i.e., taxes, budget, credit), after you complete the example given by your teacher in class. Remember, your teacher is here to serve as your financial “advisor” but your “family” should do the work.
Project Requirements:

1. Write a one-page, typed narrative about your family. You have been given the basics (i.e., household income, number of dependents, and ages), but you need to complete the remaining details such as:
   - Tell us where you live.
   - Describe the vocation you chose.
   - Describe your children.
   - Explain the choices your family has made in the past in regards to economic decisions.

   Example: Your Family recently went on a vacation, bought a new TV, or started a savings account. How did your family plan for these events?

2. Complete a 1040 EZ tax form based on your family income and given W-2 statements. A 1040 EZ tax form may be found at http://www.irs.gov.

3. Complete a monthly budget based on the family demographics and household income.

4. Complete a credit application.

5. Research three vehicles that your family would consider buying.

6. Choose two bank products and explain how they will help your family make sound economic decisions. Complete the planning sheet.

7. Write a check for an expense on your family budget.
8. Choose two types of insurance for your family and complete the planning sheet.

9. Complete a shopping list and a meal planning sheet.

## Family Options: Family Financial Project

Directions: Divide groups into 4-5 students per group. Given incomes are designed to work with a 1040 EZ tax table.

<table>
<thead>
<tr>
<th>Family Configuration</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single adult, no children, earns $26,000/full time job.</td>
<td>Two parents, three kids ages twelve, fifteen, and eighteen. Combined household income $39,500 with one parent working full time and one part-time.</td>
</tr>
<tr>
<td>One parent, one kid age two; Parent works part time for $16,000/year.</td>
<td>Two parents, two kids; twins age ten. Parents earn $37,500 annually plus $400 from interest on savings accounts.</td>
</tr>
<tr>
<td>Two parents, two kids ages ten and fifteen. Both parents work full-time and earn a combined household income of $49,100.</td>
<td>One parent, two kids ages seven and fifteen. Parent earns $33,000 at a full time job plus $400 from interest on savings accounts.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Two parents, four kids ages six, nine, twelve, and fifteen. One salary household at $47,500.</td>
<td>Elderly couple, no children living in the home. Retired on a fixed annual income of $28,000 income plus $400 from interest on savings accounts.</td>
</tr>
</tbody>
</table>
Grading Rubric for Family Finances Project

- 25% self and peer evaluation
- 25% presentation to the class with one visual
- 50% teacher evaluation

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Approaching</th>
<th>Needs Work</th>
<th>Little/No Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>All 10 required items are complete</td>
<td>9 items are complete</td>
<td>8 items are complete</td>
</tr>
<tr>
<td>Project</td>
<td>Includes obvious thought and preparation</td>
<td>Includes good thought, effort and preparation but with some mistakes</td>
<td>Includes some thought and minimal preparation but with obvious mistakes</td>
</tr>
<tr>
<td>Project</td>
<td>All members participated and contributed equally</td>
<td>Non-participation by 2-3 members</td>
<td>Non-participation by 2-3 members</td>
</tr>
<tr>
<td>Project</td>
<td>Ideas are clear, original, and creative</td>
<td>Project includes some original thought but often vague</td>
<td>Project has little original thought or creativity; project is vague</td>
</tr>
<tr>
<td>Presentation</td>
<td>Includes one visual to support findings that are on topic, and creative</td>
<td>Includes one visual but with little creativity</td>
<td>No visual Provided</td>
</tr>
<tr>
<td>Presentation</td>
<td>Presentation is clear, factual and interesting; the group obviously worked on the presentation out of class</td>
<td>Presentation is factual; some mistakes are made that would have been fixed with more planning.</td>
<td>Presentation is vague and provides few facts to the class; obvious lack of outside planning.</td>
</tr>
</tbody>
</table>
Family Financial Project Budget Options

Directions: Each student “family” will use this sheet to help develop a family budget.

Each group’s budget must balance for the month!!! Remember to carry over your choices to the pie graph and list the fixed and flexible expenses.

Housing

1. Four bedroom houses in a country club neighborhood with a golf course, tennis center and pool. Neighborhood is zoned for the best schools in the town. Mortgage, taxes and homeowners insurance- $2500/month

2. Three bedroom house in a nice quiet neighborhood that is close to a shopping center and good schools. Mortgage, taxes and homeowners insurance-$2000/month

3. Two bedroom house in a middle-class neighborhood, the schools are average, but not the best in the city: Mortgage, taxes and homeowners insurance- $1500/month

4. One bedroom town home in a suburb of the city. Schools and a daycare are nearby. Mortgage, taxes and homeowners insurance- $1200/month
5. Two bedroom apartment in an older part of town. Schools are far away, so kids will have a long bus ride. Mortgage, taxes and homeowners insurance-$1000/month

6. One bedroom subsidized apartment that is near average schools $550/month (to qualify for this apartment you must make less than $20,000 and have no more than two dependants)

Food
Weekly groceries + and eat-out four times a week $350
Weekly groceries+ and eat-out two times a week $ 225
Weekly groceries+ and eat-out one time a week $ 175
Weekly groceries only- $125 No eating out—even fast food!! You are coupon crazy!

Transportation
Two new cars + gas/insurance $1,400/month
One new and one used car $1,000/month
One new car $500/month
One old "clunker" - $250/month
Monthly bus pass (public transportation) $75/month

Insurance-Optional
Monthly insurance premium $50 per family member (maximum of $350 total)
Utilities (choose as many as your family will use in a month)
Phone service - $25
Cell phone - $30
Cable TV - $35
Water - $40
Electricity - $80
Internet service - $25

Other Expenses-Each group will set a budget for these categories!
• Pets
• Entertainment (movies, videos, magazines/books, CDs)
• Gifts
• Church tithes and other charitable donations
• Clothing
• Medicines
• Savings
Personal Budgeting: Fixed Versus Flexible Expenses

Using the fixed and flexible grid below, write the percentages for at least four fixed expenses and four flexible expenses. Your budget must equal your monthly income. Graph your percentages on the pie chart. Label each expense and the percentage given (i.e., housing 31%).

My monthly income is $________________________

<table>
<thead>
<tr>
<th>Fixed Expenses- list type and amount needed</th>
<th>Flexible Expenses- list type and amount needed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>
Personal Budgeting: Fixed Versus Flexible Expenses

Directions: Graph your percentages on the pie chart. Label each expense and the percentage given (i.e., housing 31%).

Personal Budget Pie Chart
**Banking Comparison**

**Directions:** Pick one or two brochures from area banks and financial institutions to determine which banking products would best suit your financial needs. Fill in the boxes below with information you find in the brochures.

<table>
<thead>
<tr>
<th>Bank Product</th>
<th>Name of the account</th>
<th>Minimum Opening Deposit</th>
<th>Does the account earn interest? What percent and how often?</th>
<th>Is there a monthly service charge or fee? How much?</th>
<th>Does the account offer a check or debit card?</th>
<th>List any other special features that the account offers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking Account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings Account (can include Certificates of Deposit, Individual Retirement Accounts, and Money Markets)</td>
<td></td>
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</tr>
</tbody>
</table>
Name one additional bank product or service that you might use and why?

List any four items from your personal budget you will write checks for:

1. __________________________________________
2. __________________________________________
3. __________________________________________
4. __________________________________________

Using your prior knowledge of writing a personal check, complete the check below for one of the items you listed above from your budget.

Name ___________________               Check 101
Address ___________________               Date __________
Pay to the Order of ____________________________ $ _________ Dollars
Smart Saver Bank
Memo ___________________               Signature ___________________

8738748839  92377983
Sample Application for Credit

Last Name ________________ First Name_____________ Initial ___________

Date of Birth ______________ Social Security Number ______ - ____ - ________

Place of Birth (city, state) _______________________________________________________________________

Home Address
________________________________________________________________________________________

How long have you lived at this address? __________________________________________________________

If less than three years give your prior address:
________________________________________________________________________________________

Employer________________________ Occupation _____________________________________________________

Company Address _____________________________________________________________

Salary______________ Years of Employment ________________________________________________

Previous Employer________________________________________________________

Applicant is not required to provide the information in this section unless a co-signer is also applying for
the credit. The co-signer’s personal information including credit-worthiness will also be considered.

Co-Singer Last Name __________ First Name________ Initial __________

Date of Birth__________ Social Security Number ______ - ____ - ________

Place of Birth (city, state) _______________________________________________________________________

Home Address

How long have you lived at this address?

If less than three years give your prior address:

________________________________________________________________________________________
Employer ___________________________ Occupation ___________________________

Company Address __________________________________________________________

Salary ___________ Years of Employment ________________________________

Previous Employer _________________________________________________________

Name and Address of relative not living with you:
________________________________________________________________________
________________________________________________________________________

List all sources of income (salary from all jobs)
Applicant ___________________________ Co-applicant ___________________________

*Note: income from alimony, child support, and social security does not need to be
revealed unless the applicant or co-applicant wants the income to be considered to
qualify for credit.

Current Creditors: Please list all credit cards, mortgages, and loans you currently
owe.

1. ___________________________ Balance
2. ___________________________ Balance
3. ___________________________ Balance
4. ___________________________ Balance
5. ___________________________ Balance
6. ___________________________ Balance

Checking Account Number ______________________________________________________
Bank _________________________________________________________________________

Savings Account Number ______________________________________________________
Bank _________________________________________________________________________

The above information is true and correct and the applicant acknowledges and
agrees to the contract and to pay all indebtedness incurred in accordance with such
contracts.
Applicant Signature ____________________________

Date _________________________________________________________________________

Co-Applicant Signature ____________________________

Date _________________________________________________________________________
### Student Activity

**Name_________________**  
Period _______ Date _______

**Directions:** You will need transportation for your family. You may go to a web site such as the *Kelley Blue Book* ([http://www.kbb.com](http://www.kbb.com)), or you can visit a local car dealership to assist you with completing the chart below.

<table>
<thead>
<tr>
<th>Manufacturer's Price or &quot;sticker price&quot;</th>
<th>Which car would your family buy?</th>
<th>Make</th>
<th>Model</th>
<th>Color</th>
<th>Safety Features</th>
<th>Fuel Efficiency (miles per gallon)</th>
<th>Interior Features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Car #1</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Car #2</strong></td>
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</tr>
<tr>
<td><strong>Car #3</strong></td>
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</tbody>
</table>
Student Activity

Real Estate and Mortgage Loan
Internet Search

Assignment: Your mission is to research two homes your family would consider based on your household budget. Use any search engine for the key words new homes or real estate in the city and state your family lives.

To determine the monthly cost of a home, search for "financial calculator mortgage loans" to determine an amortization schedule for your home. Assume 7% interest for a 30-year mortgage and 6% for a 15-year mortgage.

Fill in the chart below with your family's home search.

<table>
<thead>
<tr>
<th></th>
<th>House #1</th>
<th>House #2</th>
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</thead>
<tbody>
<tr>
<td>Price</td>
<td></td>
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<tr>
<td>Term of loan (15 or 30 years)</td>
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<tr>
<td>Interest rate</td>
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<tr>
<td>Total interest paid over the life of the loan</td>
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</tr>
<tr>
<td>Average monthly interest over the life of the loan</td>
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</tbody>
</table>

Circle the house choice your family wants and can also afford to buy. Remember, a guideline for a mortgage payment is no more than 28% of your monthly budget!
Student Activity

Name___________________
Period _______ Date _______

Family Financial Project:
Meal Planning Guide and Grocery List

Directions: Use the space below to plan all meals for one day. All meals must be provided from home including children’s lunches. All meals must include one item from the following groups (dairy, meat, fruit, vegetable, and bread). After planning your meal, make a grocery list and go shopping at a local grocery store. List the price for each item.

<table>
<thead>
<tr>
<th>Breakfast Menu</th>
<th>Lunch Menu</th>
<th>Dinner Menu</th>
<th>Snacks</th>
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<tbody>
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</tbody>
</table>

Secondary Education Division
North Carolina Department of Public Instruction
2006
Items and Price

<p>| | | | |</p>
<table>
<thead>
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</tr>
</tbody>
</table>

Name of Grocery Store _____________________________

Please have someone at the store sign your list

Employee’s Signature _______________________________

Date of Visit: ________
## Family Financial Project: Insurance Choices

**Directions:** Choose any two types of private insurance for your family. Fill in the chart below to describe what type and why your family will need this type of insurance.

<table>
<thead>
<tr>
<th>Insurance Type?</th>
<th>Why will your family need this type of insurance?</th>
<th>What does this type of insurance protect against?</th>
<th>What are some features of this insurance? (Your family may need to search the Internet to determine what insurance companies offer)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Choice #1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Choice #2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sample Application for Credit

Last Name ________________ First Name________________ Initial ____________

Date of Birth ______________ Social Security Number __________ - ______ - ______ 

Place of Birth (city, state) _____________________________________________

Home Address
_______________________________________________________________________

How long have you lived at this address? __________________________________

If less than three years give your prior address:
_______________________________________________________________________

Employer_______________________ Occupation _____________________________

Company Address _______________________________________________________

Salary______________ Years of Employment ________________________________

Previous Employer_______________________________________________________

Applicant is not required to provide the information in this section unless a co-signer is also applying for the credit. The co-signer’s personal information including credit-worthiness will also be considered.

Co-Singer Last Name _____________ First Name_____________ Initial __________ 

Date of Birth ______________ Social Security Number __________ - ______ - ______ 

Place of Birth (city, state) _____________________________________________

Home Address
_______________________________________________________________________

How long have you lived at this address? __________________________________

If less than three years give your prior address:
_______________________________________________________________________

Employer___________________________ Occupation __________________________

Company Address _______________________________________________________

Salary______________ Years of Employment ________________________________
Previous Employer_______________________________________________________

Name and Address of relative not living with you:
________________________________________________________________________

List all sources of income (salary from all jobs)
Applicant ___________________________ Co-applicant ___________________________

*Note: income from alimony, child support, and social security does not need to be revealed unless the applicant or co-applicant wants the income to be considered to qualify for credit.

Current Creditors: Please list all credit cards, mortgages, and loans you currently owe.

1. ___________________________ Balance
2. ___________________________ Balance
3. ___________________________ Balance
4. ___________________________ Balance
5. ___________________________ Balance
6. ___________________________ Balance

Checking Account Number ________________________________________________
Bank___________________________________________________________________
Savings Account Number _________________________________________________
Bank___________________________________________________________________

The above information is true and correct and the applicant acknowledges and agrees to the contract and to pay all indebtedness incurred in accordance with such contracts.
Applicant Signature ______________________________________________________

Date ___________________________________________________________________

Co-Applicant Signature ___________________________________________________

Date ___________________________________________________________________