



Jump\$Tart Washington Curriculum Unit 1 – Chapter 1

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UNIT ONE: PLANNING AND MONEY MANAGEMENT

Chapter One: Financial Literacy

Chapter Learning Objectives

1. Explain what it means to be financially literate.
2. Identify personal financial goals – short, medium, and long-term.
3. List habits and behaviors that build a good financial reputation.
4. Know how to establish and use basic banking services such as checking and savings accounts.

Episode 301 Synopsis

The episode shows the range of information it takes to become financially literate, including knowledge about saving and spending, setting goals, budgeting, and deciding which outcomes are most important to you in the long term, the middle term, and short term. The episode also shows different kinds of accounts that banks and credit unions offer to help your money grow, and how to stay out of debt. It shows how to develop new habits (and break old ones) that interfere with achieving greater financial resources. It also introduces young entrepreneurs who show how they dealt with funding their dreams.

JumpStart Standards Correlations

Financial Responsibility and Decision-Making

- Make financial decisions by systematically considering alternatives and consequences.

Planning and Money Management

- Apply consumer skills to purchase decisions.
- Develop a personal financial plan.

Washington State Standards Correlations

SOCIAL STUDIES

2. ECONOMICS - The student applies understanding of economic concepts and systems to analyze decision-making and the interactions between individuals, households, businesses, governments, and societies.

2.1 Understands that people have to make choices between wants and needs and evaluate the outcomes of those choices. (9-12)

Lesson Prep and Supplies

Getting Started

1. Familiarize yourself with this **BizKid\$** episode by watching it ahead of time. The episode will serve as a springboard to student learning, discussions, vocabulary exploration, and related hands-on activities.
2. Determine what equipment is required to show the episode in the classroom and request it if needed.
3. Choose an activity and gather supplies to ponder the question “Are You Financially Literate?”

Equipment & Supplies for Preview and Screening

Time Needed: 45-60 minutes

Items Needed For Class:

TV/DVD Player
DVD of Episode 301
Projection System

Items Needed for Each Student:

Pencil or Pen
Paper for taking notes
Copy of BizTerms sheet for each student

Activity One: Preview and Screening

Introduction

Briefly explain that **BizKid\$** is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money.

Episode Preview Activity

Before you show **BizKid\$** episode 301, “Are You Financially Literate?” lead your students in a brief activity.

- Distribute scratch paper and pen or pencil to each student. Let students know to list any questions they have for later discussion.
- Ask students if they had \$50.00, would they rather spend it or save it? Why? What are some of the benefits of spending? Of saving? What is the down side to spending and to saving? Have students discuss.
- Do any students in the class have a savings account at a bank or credit union? If so, what does a financial institution offer that putting your money away in a drawer at home does not? That is, do banks and credit unions make a difference in “growing” your money?
- Finally, ask students if they have any financial goals that they are saving toward – do they want a specific new electronic gadget, for example, or a summer trip, or perhaps to pay for college? Does having long-term goals help to discipline your spending, or would you rather have something today that is immediate?

After the students discuss these questions as a group, tell them what they will see in episode 301 “Are You Financially Literate?” as described below.

About the Episode

In this episode, young entrepreneurs who have started businesses explain their strategies and the secrets of their financial success. They describe how they became financially literate and how to save, spend, allocate resources, and work with financial institutions.

Next Steps

Show the BizKid\$ episode. After the episode, ask students if they found answers to any of the questions they wrote on their sheets. Allow them to share and ask any questions that remain. Did they learn anything from the episode that will influence their behavior?

Distribute the list of BizTerms vocabulary to each student. Have them look up definitions. Papers are due in about 30 minutes. After 30 minutes have passed, give the students a copy of the definition sheet and they can check their own answers against the sheet.

Activity Two: BizTerms Vocabulary and Definitions

BizTerms Vocabulary

1. Cash flow
2. Certificate of Deposit
3. Credit card
4. Credit report
5. Debit card
6. Financial goals
7. Financial literacy
8. Interest
9. NSF fee
10. Prioritization

BizTerms Definitions

1. Cash flow is the process of money coming in and going out. Sometimes cash comes in faster than it goes away, which is positive cash flow. Sometimes you spend money faster than you can save it up, which is negative cash flow. For a business, cash flow is the income and spending of cash which represent the operating activities of the organization. Cash flow can be increased by (1) selling more goods and services, (2) selling an asset – something that is owned and that has high value, (3) reducing costs, (4) increasing the selling price for your goods or services, (5) collecting fees faster, (6) paying debts slower, (7) bringing in more investment, and (8) taking a loan.
2. A Certificate of Deposit (CD) is the receipt issued by a bank, credit union, finance company, or insurance company to a customer who opens a time sensitive deposit account. It states the dollar amount of the deposit, the rate of interest, and the minimum time period for which the deposit must stay in the account without early withdrawal penalties.
3. A credit card is a convenient substitute for cash or checks, and is an important component of electronic and internet commerce. Credit card holders are borrowing money from the credit card company, up to a pre-set limit that has been approved by that company. The company also has rules that tell the customer what the rate of interest is to borrow this money, and how much they will pay in fees and penalties if they are late in paying the minimum required payment. Most credit cards do not have any annual fee, and if you pay the balance due by the end of the month there will usually not be any interest charged.
4. A credit report is a document supplied by a bank or credit reporting agency that summarizes a person's or company's credit history and notifies potential lenders if that person or company is a good risk. If a person is frequently late in making payments on their debts, their score will be low. If their score is too low, they may not be able to get a loan or a credit card. This includes car loans and home mortgage loans. A person with good payment habits will have a high score, and may be able to get loans with a better interest rate than someone with bad credit.
5. A debit card is similar to a credit card, but it is not borrowing from a credit card company, it is connected to your own money that has been deposited at a bank or credit union, usually in a checking account. Sometimes a debit card is called a 'check card' because it is very much like writing a check, but without all the slips of paper. The amount of a purchase is withdrawn from the available balance in the checking account. If there is not enough money in the account, either the transaction will be rejected, or the bank may provide you with overdraft protection for a fee if you have direct deposit or a linked savings account.
6. Financial goals are the monetary objectives of an individual or an organization. These are determined by your plans for spending and saving, and may be part of an overall financial plan that includes covering expenses, borrowing, paying back debt, saving, and investing.
7. Financial literacy is knowledge about money and how it works. This includes knowing how to save, how to set financial goals, how to set a budget and stick to it, how to spend less than you earn, how to use credit wisely, and how to stay out of debt. It is part of a research plan to learn about finances from many established sources that help people to become more knowledgeable about all aspects of their financial lives.

8. Interest is the fee paid when you borrow money. To the borrower, it is the cost of using the money. To the lender, it is their income for loaning out their money.
9. An NSF fee (non-sufficient funds fee) is charged when there is no money available in your checking account to cover a transaction or purchase. The NSF charge will be made as a penalty to the account holder. Sometimes, an NSF fee is charged even if you have overdraft protection on your account. If you have too many NSF fees in one month, the bank or credit union may close your account permanently and refuse to do business with you.
10. Prioritization is the idea of doing “first things first.” It means to rank tasks with the most important or urgent items to be taken care of first, and the less important items to be completed later. This is especially important in financial situations when thinking about short-term, medium-term, and long-term goals.

Activity Three: Woes Be Gone - Financial Problems and Solutions

Activity Learning Objectives

- Differentiate between positive and negative financial behaviors.
- Match financial problems with solutions.

Supplies Needed

- Pen or pencil
- Student copies of “Problems” worksheet
- Student copies of “Solutions” worksheet

Directions

- Distribute a “Problems” worksheet and a pen or pencil to each student.
- Allow 15 to 30 minutes for students to read the problems and write down possible solutions.
- Then have a class discussion to determine if students chose the same or different solutions to each particular problem. There can be more than one way to solve a problem. Have students support their choices by explaining their thinking.
- Next, distribute the sheet of “Solutions” and have students match possible solutions with the problems on the Problems worksheet. After ten minutes, come back together as a class.
- Finally, have each student select one “Solution” to have as a personal goal. The solution can be from the worksheet or can be one that they have proposed themselves. Students will keep their own papers for use in Activity Two and for reference as they log their progress toward their chosen goal for one week.

Problems Worksheet

- A. Live in your parents' basement the rest of your life.
- B. Have expensive habits (expensive clothes, fancy coffee, buying lots of ring tones, etc.).
- C. Writing checks and having insufficient funds.
- D. Needing loans from friends and family to get by.
- E. Not paying your bills on time.
- F. Not having a clear financial plan.
- G. Spending more than you earn.
- H. Running out of money.
- I. Being financially illiterate.
- J. Not knowing the difference between a credit card and a debit card.
- K. Having the collection agency write you threatening notes to get you to pay your debts.
- L. Having to pay penalties and late fees for not paying on time.
- M. Having a low score on your permanent credit report so you can't borrow money because you are a big risk.
- N. Owning money to others.
- O. Having no options except to work hard indefinitely to pay back what you owe.

Solutions Worksheet

1. Use credit responsibly.
2. Save money and have a savings account.
3. Set short-term, medium, and long-term goals.
4. Check your account balances.
5. Start a checking account.
6. Watch your money grow by earning interest.
7. Invest in a CD but lose access to your money for a given period of time.
8. Create a budget.
9. Manage cash flow.
10. Create a business empire like Jason's vision for Pencil Bugs with bookmarks, t-shirts, and videos.
11. Have patience.
12. Recognize the difference between needs and wants.
13. Prioritize what is most important to spend on.
14. Budget time as well as money.
15. Use a computer to develop spreadsheets that show where the money goes.
16. Gain financial independence.
17. Qualify for a line of credit at the bank.
18. Pay rent, pay employees, pay suppliers when you have a business.
19. Have financial freedom so you can make choices that suit you.

Activity Four: Goal-Setting

Activity Learning Objectives

- Differentiate between short-term, medium, and long-term goals.
- Set goals that are “SMART” goals (Specific, Measurable, Attainable, Relevant, and Timed).

Supplies Needed

- Pencil with eraser
- Student copies of “Goals” worksheet

Directions

- Using a board or projection system, display the following chart:

	SHORT-TERM up to 1 year	MEDIUM 1 to 5 years	LONG-TERM at least 5 years
Educational			
Financial			
Personal			

- Have students suggest examples that might fit into each category of the chart.
- If students have completed Activity One and have been monitoring their progress on a financial goal, invite them to share their experiences. Has it been easy? Difficult? Did goals change? Why? Were any goals broken down into smaller steps? How many people achieved their goals in one week?
- Distribute a “Goals” worksheet and a pencil with eraser to each student.
- Have students pencil in one goal for each category. They will each select one goal to break down into SMART steps on their “Goals” worksheet. Circulate around the room as students work, encouraging their efforts and monitoring their progress. After 15 minutes, have them come back together as a class. Suggest that on their own time they can create their own goals notebook or log book and use it to set and track goals for themselves.
- After the students have selected one SMART goal, remind them to monitor their own progress, and modify the plan if needed. Sometimes this is called a ‘SMARTER’ goal where **E** stands for **E**valuate and **R** stands for **R**e-evaluate.
- Ask students to visualize when they achieve their SMART goal what their life will look like, how it might change, and how they will feel.

Goals Worksheet

Financial planning has a big impact on your quality of life. Planning is a process of setting goals. One of your long-term goals is financial independence. Your short-term, medium, and long-term goals should be linked. Pencil in a goal for each box below:

	SHORT-TERM up to 1 year	MEDIUM 1 to 5 years	LONG-TERM at least 5 years
Educational			
Financial			
Personal			

Take small SMART steps and set goals that are:

S	Specific	Who does it, where, and what is involved?	<i>Example:</i> I will run one mile on the track at school. I need to wear my running shoes. I need a stopwatch.
M	Measurable	How will we know when it is done? How do we measure it?	The track is one mile long if I run around it four times. A stopwatch will be used to time my run.
A	Attainable	Can it be done in this way, in this amount of time?	Yes, other people have run one mile before, it can be done. I want to run one mile in 10 minutes. That is reasonable for an average person.
R	Relevant	Why does this help us to reach the long-term goal?	My long-term goal is to improve my running speed. This will help me measure my progress.
T	Timed	When is it due?	I want to run one mile in 10 minutes after four weeks of practice. It is due by the end of the month.

Now select one of your goals and break it down into SMART steps:

S	Specific	Who does it, where, and what is involved?	
M	Measurable	How will we know when it is done? How do we measure it?	
A	Attainable	Can it be done in this way, in this amount of time?	
R	Relevant	Why does this help us to reach the long-term goal?	
T	Timed	When is it due?	

Resources

BusinessDictionary.com	A reliable source for the definition and explanation of financial terms.
MyMoney.gov	The U.S. government website dedicated to teaching Americans the basics of financial education.
National Financial Educators Council (NFEC)	NFEC and the NFEC EduNation Campaign provides complementary personal finance materials for parents, educators and concerned citizens interested in teaching children about money. http://www.financialeducatorsCouncil.org
360 Degrees of Financial Literacy	This is a free program to help Americans understand their personal finances through every stage of life. It is sponsored by the American Institute of Certified Public Accountants. http://www.360financialliteracy.org
Banking and Financial Systems	This is a textbook published by Goodheart-Willcox. The ISBN number is 978-1-60525-778-5. http://www.g-w.com
Voluntary National Content Standards in Economic Education	This book is the 2 nd edition from the Council for Economic Education. The ISBN number is 978-1-56183-733-5. http://www.councilforeconed.org
Improving Financial Literacy: What Schools and Parents Can and Cannot Do	This book is published by Jump\$tart Coalition for Personal Financial Literacy. The ISBN number is 0-9666010-1-7. http://www.jumpstart.org

Chapter Two: Your Financial Future

Chapter Three: Budgeting Basics

Chapter Four: Banking Basics