Lesson 9.2 Financial literacy

Part 1.

1. What are some reasons you might want to save money?

2. What are some ways you can plan to save money?

3. List some ways you can get money at your age?

4. List some things you can spend your money on?

Part 2. Financial vocabulary activity

Cost Comparison: - Comparing the cost of two or more goods or services in an effort to find the best value.

1. When have you used cost comparison? If you have not used cost comparison yet, provide an example of when it would be beneficial to you.

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Cost-Benefit Analysis: - Deciding whether the cost of an item is more than, equal to, or less than the benefit that comes from purchasing that item.

Cost: - the price you paid for the item or service.

Benefit: - A positive/helpful outcome that promotes well-being.

2. When have you used cost-benefit analysis or when will you use cost-benefit analysis? Provide an example.

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   What was/is the cost? ____________________

   What was/is the benefit? ______________________________

3. **Calculating Future Expenses:** - Identifying the cost of meeting future needs and goals.

Short-term goal: ______________________________

Medium-term goal: ______________________________

Long-term goal: ______________________________

Part 3. Creditworthy: Key factors that are considered for being eligible for loans.

1. Payment history (Do you pay your bills on time)

2. Amount owed to current creditors/lenders? Do you have a car loan, credit card debt, mortgage

3. Length of credit history

4. type of credit used (car and mortgage payments are viewed as better than consumer debt - like credit cards)

5. Number of open accounts (lenders may be cautious of borrowers with too much credit available)

Part 4: vocab

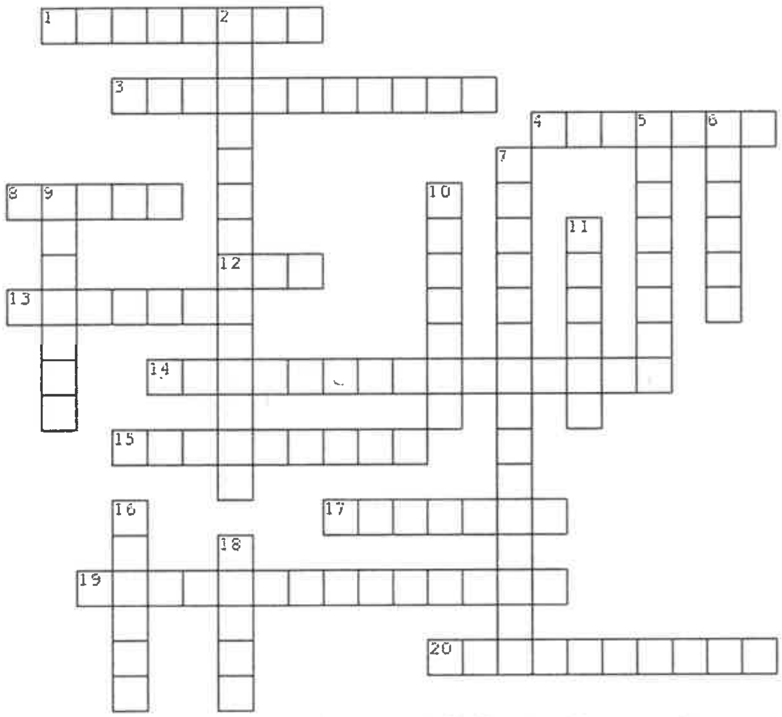
There are a number of new vocabulary terms we need to learn relating to this unit. Below is a list of terms with definitions. Use the information to complete the crossword puzzle on the next page.

- **Income**: money received in exchange for work done or as a gift
- **Expense**: an item you buy or pay for
- **Account**: an arrangement of recording money kept at a financial institution
- **Interest**: amount paid to someone by a financial institution on an investment OR amount owed for a loan.
- **Service charge**: a fee charged by a bank for taking care of your money.
- **ATM**: (automated teller machine): machines used for common banking transactions requiring a card and a PIN
- **Transaction**: a transfer of money, such as a payment
- **Deposit**: a transaction that puts money into your account (also called a credit)
- **Bank statement**: a record of transactions and the balance in the account over a period of time, usually one month.
- **Credit**: money added to your account
- **Debit**: money taken out of your account
- **Withdrawals**: a transaction that takes money out of your account
- **Interest rate**: rate, as a percent, at which money increases or the cost of borrowing money
- **Simple interest**: interest paid at the end of an investment time period. Formula: I=PRT
- **Principal**: amount of money invested
- **Budget**: a plan of how much money you will spend on various items or categories for a period of time, usually a month
- **Variable expense**: an item you don't pay for every month OR that changes in amount from month to month
- **Fixed expense**: an item you pay the same amount every month
- **Balanced budget**: a budget in which the total income is equal to the total expenses
- **Surplus budget**: a budget where income is greater than expenses
- **Deficit budget**: a budget where income is less than expenses

Name: ______________________________

Financial Literacy

Complete the crossword below



Across

1. expense that changes from month to month
3. when money either leaves or enters your account
4. expenses exceed income
8. decreases bank balance
12. machine used to access your account
13. putting money in your account
14. I=PRT
15. amount of money borrowed or invested
17. income exceeds expenses
19. month owed to the bank for keeping track of your money
20. taking money out of your account

Down

2. monthly record of transactions on your account
5. money paid or owed to someone for using their money
6. money earned or received
7. income = expenses
9. money spent
10. an agreement with a financial institution for keeping your money
11. spending plan
16. increases bank balance
18. expense that stays the same from month to month