

Managing Money

A Project of Consumer Action

Talking to Teens About Money Seminar Lesson Plan

Materials Checklist

1. **Talking to Teens About Money** (*Booklet*) 24 pages
2. **Lesson Plan** and activity instructions for the two-part seminar (27 pages)
3. **“Needs Versus Wants”** Exercise Worksheet (1 page)
4. **“Jamal’s First Paycheck”** Exercise Worksheet (1 page)
5. **“Check Writing”** Exercise Worksheet (1 page)
6. **“Checkbook Register”** Exercise Worksheet (1 page)
7. **“Monica and Sarah”** Exercise Worksheet (1 page)
8. **Weekly Spending Evaluation** (*This is for participants to use at home.*) (1 page)
9. **Seminar Evaluation** (*To be completed in class and returned to instructor before leaving.*) (1 page)

A Managing Money Training

Talking to Teens About Money

Seminar Lesson Plan

(For use by the instructor)

Course Purpose: To give parents tools to help them talk to their teens about money.

Course objectives:

By the end of the training participants will understand:

- The important role that parents play in helping their children build sound money management skills.
- How parents can be strong role models.
- How to help kids understand the difference between “needs” and “wants.”
- How you can save money by comparison shopping.
- How to find the best bank accounts for your teens.
- Ways to avoid trouble with credit cards.
- Saving money on teen driving costs.

Materials:

Participant’s folder, which includes:

- Talking to Teens About Money (booklet)
- Exercise worksheets (*attached at the end of this lesson plan*):
 - I. “Needs Versus Wants”
 - II. “Jamal’s First Paycheck”
 - III. “Check Writing”
 - IV. “Check Register”
 - V. “Monica and Sarah”
 - VI. Weekly Spending Evaluation Take-Home Worksheet
- Evaluation of the MoneyWi\$e Banking Basics Seminar

For trainer:

- Seminar Lesson Plan
- Talking to Teens About Money (*booklet*)
- “Teens & Money” PowerPoint presentation with notes. (*You can also use this to create handouts for the class.*)
- Easel, pad and markers

Seminar Duration: There will be two sessions of two hours each. Each two-hour session will include a 15-minute break.

A Managing Money Training

Training Outline

First Session

(Two Hours)

Suggested Time Allotment:

10 mins.

10 mins.

5 mins.

10 mins

15 mins

15 mins.

15 mins.

10 mins.

15 mins

10 mins.

5 mins.

Total: 120 mins.

Topic:

Welcome and Training Overview

Group Introductions

Teens and Money (*Needs/Wants Exercise*)

The Working Life

"Jamal's First Paycheck" (*Exercise*)

Break

Budgeting

Comparison Shopping

Banking for Young People

Writing Checks (*Check Writing Exercise*)

First Session Wrap-Up

Second Session

(Two Hours)

Suggested Time Allotment:

5 mins.

15 mins.

10 mins.

15 mins

10 mins.

15 mins.

10 mins.

10 mins.

10 mins.

15 mins.

5 mins.

Total: 120 mins.

Topic:

Welcome participants back

Balancing a Checkbook (*Check Register Exercise*)

Saving

"Monica & Sarah" (*Exercise*)

Credit Histories and Credit Reports

Break

Credit Cards

Teen Drivers

Cell Phones

Questions and Answers

Wrap-up and Evaluation

A Managing Money Training

Training Design/Lesson Plan

Session One (Two Hours)

(Note: Before conducting the training, familiarize yourself with this lesson plan, the Talking to Teens About Money booklet and PowerPoint presentation.)

Suggested Time Allotment:	Topic:
10 mins.	Welcome and Training Overview
10 mins.	Group Introductions
5 mins.	Teens and Money (<i>Needs/Wants Exercise</i>)
10 mins	The Working Life
15 mins	<i>"Jamal's First Paycheck" (Exercise)</i>
15 mins.	Break
15 mins.	Budgeting
10 mins.	Comparison Shopping
15 mins	Banking for Youths
10 mins.	Writing Checks (<i>Check Writing Exercise</i>)
5 mins.	First Session Wrap-Up
Total: 120 mins.	

Welcome and Training Overview

(10 mins.)

Welcome participants. Hand out folders.

Review the knowledge and skills that the participants can expect to gain, including:

- How to help young people build sound money management skills.
- How to be a strong role model.
- How to help kids understand the difference between "needs" and "wants."
- How you can save money by comparison shopping.
- How to find the best bank accounts for your teens.
- Ways to avoid trouble with credit cards.
- Saving money for teen drivers.

Review the day's agenda, emphasizing that the topics will be broken down into short, easily digestible sections of 5-15 minutes apiece and that there will be a 15-minute break about halfway through the session.

Group Introductions

(10 mins.)

Ask participants to introduce themselves and say what they hope to get out of the seminar.

A Managing Money Training

Write down participants' expectations on the easel pad. (*This activity will serve as a brief icebreaker to help workshop participants get to know each other and feel more comfortable, and to give you an idea of what participants are expecting from the seminar. Save the page for the final wrap-up and evaluation at the end of the second session, so that you can revisit it and ask for feedback on how participants feel about the seminar.*)

RESOURCE: Direct attention to the "Talking to Teens About Money" booklet in participants' folders. Give the class a few minutes to review the brochure before you continue.

Teens and Money (*With Needs/Wants Exercise*)

(5 mins.)

Ask participants what they learned from their own parents, or other adult mentors, about managing money. Write down some responses on the easel pad.

Suggested remarks:

- Parents play a key role in shaping values and attitudes about money management.
- Children who receive information about money management at home are more financially literate than those who are only taught money skills in school.
- Teens are under tremendous pressure to conform to their peers.
- Only a strong role model can counteract teen peer pressure.
- Kids today have considerable disposable income—and they are a target for advertisers and marketers.

Questions to generate discussion:

- *Why do you think it is important to provide teens with strong adult role models?*
 - To help teens build self-esteem and confidence.
 - To counteract teen peer pressure.
 - To counteract the pressure of advertising and marketing that urges kids to spend money on "wants" instead of "needs."
- *What are some family activities that you don't have to spend much money on?*
 - Sports, cookouts, hikes, bike rides, museums, free events such as concerts and plays, listening to books on tape or watching movies from the library, preparing food.
- *Should kids be given every material thing they desire?*
 - Everyone must set priorities for what they want.
 - Basic needs (food, clothing, shelter, education and transportation) take priority.
 - Overspending is an addiction that can lead to debt and even bankruptcy.

A Managing Money Training

Needs/Wants Exercise:

Ask participants to take out the activity sheet from their folders. Stress that this is not a test, but a learning activity.

Instructions:

As shown in the “fast food lunch” example on the worksheet

- write your opinion on whether the items listed are needs or wants;
- give a short reason why you feel that way;
- assign a price to the item, and
- suggest an alternative.

Allow participants about 10 minutes for the activity. Then ask for everyone’s attention. Go over each item with the class, asking for volunteers to give different answers to the questions. Validate participants’ ideas with positive statements such as, “That’s a great point!” Encourage participants to speak by saying, “Does anyone have any other ideas?”

Question to generate discussion:

- Do you think teenagers know the difference between needs and wants?

The Working Life

(10 mins.)

(See “Talking to Teens About Money” booklet, page 2.)

Suggested remarks:

- Having a job helps kids prepare for adult life.
- Work habits formed as a teenager follow you for the rest of your life.
- Teaching financial responsibility can be difficult if kids don’t know what it’s like to earn their own money.

Key points about teen jobs:

- Teens 16 and older generally can work full time, although some states may limit the times of day they can work.
- Teens aged 14 and 15 can work 18 hours a week but no more than three hours on school days. In the summer, they can work eight hours a day, 40 hours a week.
- Younger teens can do odd jobs such as running errands, babysitting, dog walking or lawn mowing.

Questions to generate discussion:

- What skills did you gain from your first job?
—People skills
—Office or computer skills

A Managing Money Training

- How to handle money
- How to please my boss
- That it's nice to have my own money

- *What are some ways you can help teens initiate a job search?*

- Help them write their resumes
- Suggest that they gather job applications from local businesses
- Search the classified ads together
- Rehearse a call to an employer or a job interview
- Try some online job searches together

- *What are some of the most important things to tell teens about working?*

- The early bird gets the worm—or in this case the job.
- Neat attire and being on time are important in the work place.
- Pay attention and ask questions if you don't understand.
- Persistence and being a “self starter” are traits valued by many employers.
- Working should not be drudgery—find something you like to do and can become good at.

Jamal's First Paycheck (Exercise)

(15 mins.)

Ask participants to take out the activity sheet from their folders. *Stress that this is not a test, but a learning activity.*

Go over the instructions:

Jamal just started to work as a part-time salesperson at a local computer store. His paycheck is smaller than he expected it to be. When he reads his pay stub, he is surprised to see that deductions have been taken from his paycheck. Study Jamal's paycheck and answer the questions at the bottom of the page.

Go over these key points before asking participants to start the exercise:

- The paycheck stub is part of Jamal's paycheck. The stub lists Jamal's hourly wage, how many hours he worked in the current pay period and any paycheck deductions that were withheld from his paycheck.
- Deductions are money that is subtracted or deducted from the total wages due to workers.
- Many employees are eligible for health insurance or a retirement plan. These are called job benefits. New employees or part-time employees are not always eligible for benefits.
- In most cases, employees must pay some portion of their health insurance or make certain contributions to the retirement plan that will then be matched by the employer. In this case, the employees' portion would be deducted from their paychecks.

Ask participants to take five minutes to study Jamal's paycheck and answer the questions at the bottom of the page. *After 5 minutes, discuss the answers to the questions together as a group:*

A Managing Money Training

- *What is the pay period at Dynamite Computer Superstore?*
—The pay period is from Sept. 15-30, so the pay period for Jamal’s employer is semi-monthly, or two times per month.
- *Why are Jamal’s current total deductions the same amount as his year-to-date deductions?*
—As stated in the introduction to the activity, Jamal just started the job, so he has no payroll history for the year.
- *What amount has been withheld from Jamal’s paycheck for his federal income tax withholding?*
—The answer is \$22.91.
- *Does “gross” pay mean before taxes or after taxes?*
—Gross pay means before taxes. Because Jamal’s “gross pay” as shown on his pay stub is larger than his “net pay,” you can conclude that gross means before taxes.
- *What is the total amount taken from Jamal’s paycheck for the Federal Insurance Contribution Act (FICA) which includes Social Security and Medicare deductions?*
—\$22.18. To get the answer, add Medicare (\$17.98) and Social Security (\$4.20) withholding.
- *Why do you think that no deductions are taken from Jamal’s paycheck for medical insurance and retirement?*
—Jamal, as a new employee, probably is not eligible for these benefits.

Break

(15 mins.)

Announce a 15-minute break.

Budgeting

(15 mins.)

(See “Talking to Teens About Money” booklet, pages 4-5.)

Suggested remarks:

- A budget is a spending plan to help you forecast and control your expenses.
- Teens can be impulsive and a budget can help them step back and see where their money goes.
- Most people just can’t go out and buy the things they want without some planning.
- By watching what you spend and carefully allocating your money, you can save money to buy things you want but can’t afford at the moment.

Questions to generate discussion:

- *What are some ways you can track your spending?*

A Managing Money Training

- Keep cash receipts and bills in an envelope.
- Make a file on your computer.
- Use your checkbook register.
- Monitor your bank statements.

- *What value can you gain from keeping a budget?*
 - See where your money goes.
 - See how much you can spend each month.
 - Allocate some money to savings.

Let participants know there is a take-home worksheet in their folders that can be used to track weekly expenses. They can use the worksheet to explain budgeting to family members, or use it themselves.

Comparison Shopping

(10 mins.)

(See “Talking to Teens About Money” booklet, page 8.)

Key points:

- Comparison shopping means that you “shop around” in person, by phone or on the Internet, to compare prices in order to find the best deal.
- Comparison shopping can have a big payoff for just a small amount of work.
- The Internet can be helpful in comparing prices. Even if you don’t purchase the item you are interested in online, you will be armed with information that can help you make informed buying decisions.
- Compare new and used goods if appropriate.
- Ask your kids to come with you to your favorite superstore—it’s a great chance to show them how to comparison shop.

Questions to generate discussion:

- *Do you think that the store brand version of a must-have item is better or worse than the brand name version?*
 - Store brands are often made by the same brand-name manufacturer that advertises on national TV, but they may cost much less.
- *What is a good reason to consider buying second-hand or used items?*
 - In many cases, used items such as furniture or automobiles often are better quality than new goods at a comparable price.
 - Retro and vintage stuff are “in.”

Banking for Youths

(15 mins.)

(See “Talking to Teens About Money” booklet, pages 9-11.)

One of the most important lessons for teens is learning how to handle a bank account properly. As an alternative to a bank account, your children may be able to open an account at a local credit union.

A Managing Money Training

Here are some important points about credit unions:

- A credit union is a non-profit cooperative financial institution owned and controlled by its members, while a bank is a for-profit company that makes money from charging fees and lending money.
- Credit unions serve groups that share something in common, such as their profession, place of worship or neighborhood.
- Credit unions provide checking and savings accounts and loans, often at better rates than commercial banks.

TIP: To find a credit union that you can join, call the Credit Union National Association at 800-358-5710, or visit its web site (www.cuna.org).

The advantages to having a bank or credit union account:

- Your money is safe from loss, theft or fire.
- Each account is insured up to \$100,000 by the Federal Deposit Insurance Corporation (banks) or the National Credit Union Share Insurance Fund (credit unions).
- Canceled checks are proof that you paid a bill.
- Using check-cashing stores and money orders is more expensive than paying bank fees.
- A bank account can help you keep track of how you spend your money.

Key points about checking accounts for youth:

- Checking and savings accounts are great ways to help young people learn to manage money.
- By teaching your kids to manage a checking account, you can also pave the way to good financial habits such as careful money management, paying bills on time and handling credit cards well.
- A bank account—savings or checking—is handy for cashing paychecks.
- Writing checks is a safe alternative to carrying cash.
- An ATM or debit card, which comes with many checking accounts, can serve as “training wheels” for using credit cards.
- Most youth accounts are “custodial”—an adult must open the account on behalf of the minor and the adult is responsible for the account.

Questions to generate discussion:

- *What should you look for when comparing accounts?*
—Look for “free” youth accounts with no minimum balance requirement or monthly service fees and unlimited check writing with no per-check fees.
—Special accounts for youth usually require a low minimum balance (\$1 to \$5).
—Some banks offer a slightly higher interest rate for youth accounts.
- *What are some ways to help your teen find a bank account?*
—In many communities there are banks and credit unions offering special accounts for young people.
—Suggest that your teenager call some banks listed in the Yellow Pages and compare accounts they offer, or compare accounts online.

A Managing Money Training

TIP: Bankrate.com (www.bankrate.com) allows you to find and compare checking and savings accounts by ZIP code or city.

- *What are some things to avoid when looking for a checking account for your teen?*
—Avoid accounts with fees, service charges and minimum balance requirements that quickly eat up deposits.
- *What should you bring with you when you go with your teen to open a bank account?*
—When you and your teen go to open a bank account, you'll both need to bring photo identification (driver's license or state identification card) and your Social Security numbers.

Writing Checks (With Check Writing Exercise)

(10 mins.)

(See "Talking to Teens About Money" booklet, page 11.)

Important check-writing tips:

- Make sure you have enough money in the bank to cover the check.
- Review your bank statement promptly.
- Record all the checks you write in your checkbook register or use duplicate checks that create a carbon copy of each check.
- Deposit paychecks and other checks in a timely manner—most checks cannot be cashed after three months.
- Use a pen—never a pencil—to write checks.
- Write your checks legibly—scribbling can cause problems when the check is cashed.
- Fill in the check amount and payee well to the left to prevent someone from adding numbers to make the check larger or altering the payee's name.
- If you need to correct a mistake on a check, tear up the check, enter it as "void" in your checkbook register and write a new check.
- Don't sign blank checks—they can be stolen or used by someone else.
- Know where your checkbook is at all times and report a missing checkbook to your bank immediately.

Check writing activity:

Pass out copies of the activity to participants. Go over the directions:

This check belongs to Cody Sampson, who buys a CD using one of his checks. Fill out the check according to these instructions, enter the check in Cody's checkbook register and figure the current balance. (Answer: \$476.89)

Classroom discussion question:

- *Why is it important to enter the checks you write in your checkbook register?*
—So that you don't bounce checks.
—So that you know how much money you have in the bank.
—So that you can track your spending and stick to a budget.

A Managing Money Training

First Session Wrap-Up

(5 mins.)

Thank the class for its attention and participation.

Quickly review the topics that will be covered in the upcoming MoneyWi\$e session (balancing a checkbook, saving, credit reports, credit cards, teen drivers and cell phones).

Let participants know that there will be a question-and-answer session. If they have questions about today's session, suggest that they make a note and keep it in their folder.

Point out the "Weekly Spending Evaluation" worksheet in their folders. Explain that this worksheet is for them to take home for themselves and family members to use to track spending.

Ask participants to read the "Talking to Teens About Money" booklet before the next session.

A Managing Money Training

Session Two (Two Hours)

Suggested Time Allotment:	Segment:
5 mins.	Welcome participants back
15 mins.	Balancing a Checkbook (<i>Check Register Exercise</i>)
10 mins.	Saving
15 mins.	"Monica & Sarah" (<i>Exercise</i>)
10 mins.	Credit Histories and Credit Reports
15 mins.	Break
10 mins.	Credit Cards
10 mins.	Teen Drivers
10 mins.	Cell Phones
15 mins.	Questions and Answers
5 mins.	Wrap-up and Evaluation
Total: 120 mins.	

Welcome (5 mins.)

Greet participants and welcome them back. (*This time will allow the group to reconnect with each other and with you.*)

Balancing A Checkbook

(15 mins.)

(See "Talking to Teens About Money" booklet, page 12.)

Suggested remarks:

- One of the most important financial lessons is how to balance a checkbook.
- If you fail to keep an accurate record, you could bounce a check.
- Bounced check fees from your bank can be up to \$35 per check.
- Most stores also charge an additional penalty of up to \$30 to customers whose checks are returned for lack of funds.

Check Register Exercise:

Ask participants to take the Check Register Exercise worksheet out of their folders. (Stress that this is not a test, but a learning exercise.) Ask them to review the entries and answer the questions below. Give them 5 minutes to answer the questions. Ask for volunteers to answer each question.

1. *What was the balance on July 13?*

—Since no new transactions were recorded between July 12 and July 13, the balance on July 13 is \$246.76.

2. *How many CDs did you purchase using a check in June?*

—One CD was purchased using a check in June, on June 10.

A Managing Money Training

3. *How many checks did you write in July?*

—No checks were written in July.

4. *What's your balance after you wrote a check to Music Megastore on Aug. 6?*

—After deducting Check No. 103 written to Music Megastore for \$16.98 from the previous balance of \$511.22, the new balance is \$494.24.

5. *How often did you use your debit card to make purchases in July?*

—Three times. The debit card was used to make purchases on July 5, 18 and 28.

Saving

(10 mins.)

(See “Talking to Teens About Money” booklet, page 14.)

Suggested remarks:

- Because today's savings interest rates are so low, it's tough to get kids interested in the power of savings.
- Instead, concentrate on how important it is to make regular deposits to your savings account so that you have a cushion to fall back on if you need it.

Here are some examples to give:

- Even at interest rates of 1%-2%, saving just \$20 per month can build more than \$10,000 over a 30-year period.
- If a 14-year-old begins to deposit \$20 in babysitting earnings every week in a savings account that pays 1%-2% interest, by the time she enters college the account should be worth about \$5,400.
- If the same teen deposited only \$20 per month for the same period, the account would be worth only about \$1,250.

Question to stimulate discussion:

- *Why is it important to make frequent, regular deposits to a saving account?*
—While money will grow even if left alone in an interest bearing account, the combination of interest and regular deposits to a savings account is the way to build a large nest egg over a few years—or even a lifetime.

TIP: Just type “savings calculator” into an Internet search engine and you come up with dozens of easy-to-use tools. (If you don't have Internet access at home, visit your nearest public library.) Plug in potential deposits, a realistic interest rate and years to maturity, and you'll learn how regular deposits into a savings account can help your money grow.

“Monica & Sarah”

(Exercise) (15 mins.)

Ask participants to take out the activity sheet from their folders. Stress that this is not a test, but a learning activity.

Go over the instructions:

A Managing Money Training

Monica and Sarah both work as salespeople after school and on weekends. Both young women take home \$294 every two weeks. Below are the financial transactions made by Monica and Sarah in the past week. Review the girls' spending and answer the questions below.

Allow participants about 10 minutes for the activity. Then ask for everyone's attention. Go over the questions with the class, asking for volunteers to give some different answers to the questions. Encourage participants to speak by saying, "Does anyone have any other ideas?"

- *What are some differences between the young women's spending habits?*
 - Monica is a big spender. She doesn't seem to save any of her salary.
 - Sarah is very careful with her money. She buys food from a market instead of eating at fast-food restaurants.
 - Sarah puts a large proportion of her salary in a savings account.
- *Does anything either of the girls bought seem like an extravagance?*
 - Monica's three pairs of new shoes stand out.
- *Can you think of some ways that Monica could start saving more of her earnings?*
 - Monica could prepare a brown bag lunch or dinner instead of buying fast food.
 - Monica could exchange magazines with her friends so she doesn't have to buy her own copies.
 - Monica could buy clothes where she works to take advantage of the employee discount.

Credit Histories and Credit Reports

(10 mins.)

(See "Talking to Teens About Money" booklet, page 17.)

Suggested remarks:

- Graduating college with bad credit impacts more than just the ability to get loans or credit cards.
- Bad credit shows up on your "credit report"—information about your past use of credit compiled by companies called credit reporting bureaus.
- Credit reports are increasingly used by employers to screen applicants.
- In certain fields—like financial services, technology and law enforcement—credit checks for job applicants are the norm.
- No matter how good your grade point average was, or which degrees you've earned, bad credit can cost you the job.
- Failure to manage their first credit card accounts has caused many students to endure years of damaged credit and even bankruptcy.
- People with bad credit usually have to put down cash deposits in order to get phone and utility service, which can add to the cost of getting your own apartment.

A Managing Money Training

Questions to generate discussion:

- *Do even young people have credit reports?*
—Everyone who has had a credit card or a loan will have a credit report. But since most young people do not acquire a credit card until they are 18, only a small number of younger teens have credit files.

- *Do you have a right to know what is in your credit report?*
—Federal law gives you the right to find out what’s in your file.
—Each year, you may request a free report from each of the three major credit reporting companies. To get your free copies, go to the Annual Credit Report web site (www.annualcreditreport.com) or call 877-322-8228. On the web site, you can apply online and get your report immediately or download an order form and send it in by mail.

- *Which companies compile credit reports?*
—There are three major national credit reporting bureaus that provide “credit reports” to lenders and other businesses:
 - Equifax: 800-685-1111, www.equifax.com
 - Experian: 888-397-3742, www.experian.com
 - TransUnion: 800-888-4213, www.transunion.com—There are many other companies that provide “specialty credit reports” for phones, insurance, rentals, etc.

- *Are there other situations in which you can get a free credit report?*
—People who are turned down for credit, insurance, a rental, or a job because of information on their credit reports can get a free copy of their credit report from the company that supplied the information. Upon request, the company that denied you must supply contact information for the credit reporting bureau. The request must be made within 60 days.

Break

(15 mins.)

Announce a 15-minute break.

Credit Cards

(10 mins.)

(See “Talking to Teens About Money” booklet, page 15-16.)

Key points:

- Many parents allow their children to get a credit card so that they will have access to emergency funds.
- If monitored carefully, credit cards can be helpful in teaching your children how to manage money.
- Close to two-thirds of college students have at least one credit card.

Questions to generate discussion:

A Managing Money Training

- *Is it a good idea for young people of college age to have a credit card?*
 - Yes, it's probably a good idea because it can help them build a credit history.
 - Young people who have shown that they are financially responsible by working and saving their money may be more worthy of trust than kids who spend every penny on things they want but don't need.
- *Can you think of any ways to control a student's use of credit cards?*
 - Ask them to give you the account number to keep tabs on the account so that you can head off any trouble.
 - Make them an authorized user on your own credit card. In most cases this will still help them build a credit history.
- *Why do you think credit card companies are so willing to give credit cards to four-year college students?*
 - The companies may believe that parents will bail out their kids if they get in financial trouble.
 - Card companies know that free t-shirts, backpacks and other incentives make it easy to attract applicants on college campuses.
 - Some colleges issue credit cards with school or favorite sports team logos on them. The colleges make some money off the deals.
- *What makes a good credit card deal?*
 - A low interest rate, no annual fee and reasonable late and over-the-limit fees are very important characteristics.
 - The "fine print" on credit card applications and solicitations contains this information.
- *What happens when you make a late payment on your credit card?*
 - Most issuers charge late fees that can be as high as \$39 if the payment isn't there on time.
 - Payments that are late by more than 30 days are reported to credit reporting bureaus.
 - The black mark caused by the late payment stays on your credit report for seven years.

Teen Drivers

(10 mins.)

(See "Talking to Teens About Money" booklet, page 18.)

Suggested remarks:

- The cost of auto insurance for young drivers—especially boys—can be shockingly high.
- Teen driver statistics give insurance underwriters a reason to charge the highest premiums for young drivers.
- According to the Insurance Institute for Highway Safety, for each mile driven, the risk of being involved in a crash is four times higher for teens aged 16-19 than for older drivers.

A Managing Money Training

- Drivers who are 16 years old present the highest risk, with a crash rate almost three times that of 18-year-olds.
- Teenaged girls are not considered as high-risk insurance-wise as teenaged boys and generally qualify for a lower insurance rate.

Let's talk about some ways you can cover your young driver for the least expense.

Suggested remarks:

"Can you think of things that would help cut down on the cost of auto insurance for teenaged drivers?" (*Write them down so you don't repeat yourself.*)

"Good points! Here are some others."

- "Safe" cars can be less expensive to insure. SUVs, for instance, have a history of rollovers, which can result in higher premiums.
— *You can find a list of safe cars at Insure.com (www.insure.com).*
- If your teen has a B average or better in school, you might get a small discount for good grades.
- Adding your teen driver to your own policy might cut costs if you qualify for good-driver discounts and multiple car discounts.
— *Pro-rate the premium so that the savings are passed along to your child.*
- Encourage your teen to take driver safety classes with eligibility for insurance company discounts.
- When purchasing auto insurance (or any other insurance) shop around and consider higher deductibles.
— *The more you are willing to pay out of pocket for claims, the lower your premiums will be.*
- Make sure you explain that speeding tickets and other moving violations and accidents (even fender benders) can cause your insurance costs to soar.
— *Set a good example when you drive. Actions can speak louder than words.*

Discussion Point:

- Many teens don't understand that there are significant costs involved with owning, maintaining and operating a car.
— *Turn to page 19 in the "Talking to Teens About Money" booklet. Take a minute to review the chart titled "Monthly Cost of Owning a Car."*
— *It is interesting that the ownership costs can more than double the cost of a monthly loan payment.*

A Managing Money Training

Cell Phones

(10 mins.)

(See “Talking to Teens About Money” booklet, page 20.)

Suggested remarks:

- We all know how much teenagers love the phone!
- Teens make up an important, fast-growing segment of the cell phone market.
- Many parents pay for cell phone service to keep track of their children and to make sure they can get help in an emergency.

- *How many of your kids have their own cell phones?*

“What have you found are good ways to limit the cost of cell phone service?”

“Good Points! Here are some traps to avoid:”

- “Family” wireless plans charge for minutes when you make and receive calls, which can result in double charges when you are talking to another family member.
- On a cell phone, even toll-free numbers cost money.
- The charges for directory assistance and connecting calls can be high.
- Prepaid cell phone plans charge rates of up to 45¢ per minute.
- Custom ring tones, voice mail and other optional services usually result in additional charges.
- Text messaging often carries a per-message charge and some plans levy an extra per-minute charge to download e-mail or browse the web.

Questions and Answers

(15 mins.)

Open the floor to questions. If you can’t answer a question, offer to find the answer and get back to the person.

Wrap-Up and Evaluation

(5 mins.)

Take out the easel sheet on which you wrote participants’ expectations at the beginning of the course. Discuss whether or not the seminar lived up to those expectations.

Questions to generate discussion:

- *Was enough time spent on the topics for you to gain a thorough understanding?*

A Managing Money Training

- *Which topics were the most interesting, or valuable, to you in your work or in your daily life?*

Congratulate participants on their attention and participation in the day's training.

Ask them to fill out the "Seminar Evaluation Form" and leave it with you on their way out.

A Managing Money Training

Needs Versus Wants – Activity

Are these “needs” or “wants”?				
Is this a need or a want?		Why?	Cost	Alternatives
Fast food lunch	<i>want</i>	<i>Tastes good</i>	\$4.50	<i>Brown bag lunch</i>
Running shoes				
Video game				
Belly button piercing				
Car insurance				
Prescription eyeglasses				
Designer shoes				
People magazine				
Backpack				

In the spaces below, write down some things you need and some things you want:

Needs	Wants

A Managing Money Training

Jamal's First Paycheck – Activity

Jamal just started to work as a part-time salesperson at a local computer store. His paycheck is smaller than he expected it to be. When he studies his pay stub, he is surprised to see that deductions have been taken from his paycheck. Study Jamal's paycheck and answer the questions at the bottom of the page.

Dynamite Data Computer Superstore			Payroll	
Employee:	SSN: 109-89-9455	Check No. 440	Net Pay: *****\$236.21	
Jamal Y. Jenkins 5595 48 th St., Apt. 2 Pleasant, MT 66045	Gross Pay	Deductions	Current	Year-to-Date
Pay Period: 9/15/09 – 9/30/09	\$290.00	Federal Withholding	22.91	22.91
		State Withholding	8.70	8.70
		Social Security	17.98	17.98
		Medicare	4.20	4.20
Hourly Rate: \$7.25		Medical Insurance	00.00	00.00
		Retirement (401K)	00.00	00.00
Hours Worked: 40		Total Deductions:	53.79	53.79

1. Is the pay period at Dynamite Data Computer Superstore: ___ Weekly ___ Bi-Weekly, or ___ Semi-Monthly?
2. Why are Jamal's current total deductions the same amount as his year-to-date deductions? _____
3. What amount has been withheld from Jamal's paycheck for his federal income tax withholding? _____
4. Does "gross pay" mean before taxes or after taxes? ___ Before taxes ___ After taxes
5. What is the total amount taken from Jamal's paycheck for the Federal Insurance Contribution Act (FICA) which includes Social Security and Medicare deductions?

6. Why do you think that no deductions are taken from Jamal's paycheck for medical insurance and retirement?

A Managing Money Training

Check Writing Activity

CODY SAMPSON		11-5388/1310	0102
14 Beacon Lane		★	Date _____
Larchmont, WA 54211		★	☺
Pay to the	order of _____		\$ _____
↶	_____		Dollars
	TRUST CREDIT UNION		
For	_____	⊕	_____ ↷
-: 9999992884 -: 0326766894: 5690			

Directions: This check belongs to Cody Sampson, who buys a CD using one of his checks. Fill out the check according to these instructions:

- ★ **Date:** Write the month, day and year (example: "Sept. 2, 2009").
- ★ **Pay to the order of:** Write "Music Megastore"
- ☺ **Amount (\$):** Write "\$14.98"
- ↶ **Dollars:** Write "Fourteen and 98 cents" and draw a line to fill the rest of the space. (This line is to prevent crooks from altering the amount.)
- ⊕ **For:** Write "CD"
- ↷ **Signature:** Sign "Cody Sampson"

Enter the check in Cody's checkbook register and figure the current balance.

Check	Date	Transaction Description	Amount	Deposits	Balance
		Balance Forward			\$232.45
#0100	8/28	Jeans and More	\$35.68		\$196.77
	8/28	Cody's Paycheck		\$320.10	\$516.87
#0101	2/1	Uniforms-R-Us	\$25.00		\$491.87

Classroom discussion question: Why is it important to enter the checks you write in your checkbook register?

A Managing Money Training

Check Register Exercise

Below is a sample check register. Review the entries and answer the questions below.

Check Number	Date	Transaction Description	Amount	Fee	Deposit	Balance
	6/10	Balance Forward				245.00
101	6/15	Music Megastore (CD)	14.29			230.71
ATM	6/15	Cash	20.00			210.71
	6/22	Deposit (Birthday money)			100.00	310.71
102	6/29	Suzie (Repay loan)	25.00			285.71
Card*	7/5	A&F (New shorts)	18.95			266.76
ATM	7/12	Cash	20.00			246.76
Card	7/18	Jimmy's Joynt (Dinner)	23.00			223.76
Deposit	7/22	Paycheck (Canny Caterer)			327.00	550.76
Card	7/28	Linen Drawer (Mom's Birthday)	24.59			526.17
	8/1	Check printing fee		14.95		511.22
103	8/6	Music Megastore (CD)	16.98			

"Card" is shorthand for debit card, also called a check card. This is a card that comes with many checking accounts and allows you to pay for purchases using money from your checking account.

Questions about the sample checkbook register shown above:

1. What was your balance on July 13?

2. How many CDs did you purchase using a check in June?

3. How many checks did you write in July?

4. What's your balance after you wrote a check to Music Megastore on Aug. 6?

5. How often did you use your debit card to make purchases in July?

A Managing Money Training

“Monica and Sarah” Exercise

Monica and Sarah both work as salespeople after school and on weekends. Both young women take home \$294 every two weeks. Below are the financial transactions made by Monica and Sarah in the past week. Review the purchases and answer the questions below.

Monica	Sarah
5 teen magazines, \$15	Library fine, 50¢
3 pairs of Sketchers, \$129	5 gallons of gas, \$8.85
Hamburger, soda and fries, \$4.95	5 containers of yogurt, \$3.95
Hamburger, soda and fries, \$4.95	Deposit to savings account, \$200
Hamburger, soda and fries, \$4.95	1 teen magazine, \$3
Nail polish, lip gloss, \$14.95	6 newspapers, \$3
3 CDs, \$47.99	Haircut and tip, \$13
T-shirt, \$17.99	Card for Grandma’s birthday, \$2
2 tanks of gas, \$56.70	T-shirt (with employee discount), \$5.99
Monica’s Total: \$296.48	Sarah’s Total: \$240.29

What are some differences in the ways the girls spend money?

Does anything either of the girls bought seem like an extravagance?

Can you think of some ways that Monica could start saving more of her earnings?

A Managing Money Training

Weekly Spending Evaluation (Take-Home Worksheet)

Jot down everything you spend for one week and then evaluate the results using this weekly expense worksheet.

Weekly expenses	
Food (lunch, snacks)	
Public transportation (buses, subway)	
Car (gas, upkeep, loan payments, insurance)	
Entertainment (movies, games, magazines, CDs)	
Computer (software, games, DVDs, music downloads)	
Communications (phone, cell phone, Internet service provider)	
Gifts	
Clothes	
Savings	
<i>Total weekly expenses</i>	★
Weekly income	
Allowance	
Earnings	
Gifts	
Other	
<i>Total weekly income</i>	★
Subtract weekly expenses from weekly income (★ - ★)	
The Bottom Line	

Questions to ask yourself about the weekly spending evaluation:

- Is the “bottom line” a positive (plus) or negative (minus) figure?
- Did your income—from an allowance or working—cover what you spent?
- Are there any areas that can be trimmed?
- Which of the expenditures are “needs” and which are “wants”?

A Managing Money Training

Evaluation "Talking to Teens About Money" Seminar (For class distribution)

Thanks for attending!

Before you leave today, please help us improve future presentations by giving us your opinion of today's seminar.

Circle the number that reflects your feelings about each statement:

- 1 = Strongly Agree
- 2 = Agree
- 3 = Disagree
- 4 = Strongly Disagree

1. I have a better understanding of how I can help teenagers become better money managers.

1 2 3 4

2. I have a better understanding of the role parents and other mentors play in helping teens build solid money management skills.

1 2 3 4

3. I have a better understanding of some of the money issues that face teenagers today.

1 2 3 4

4. The instructor was well-informed.

1 2 3 4

5. The materials I was given are easy to read and understand.

1 2 3 4

6. I would like to attend another class like this.

1 2 3 4

On a scale of 1 to 10 (10 being the highest), how would you rate the seminar? _____

What else would you like to tell us about how we could improve future seminars?

Please return this form to the instructor. *Thank you for giving us your thoughts!*