

Lesson 23: Stacking Your Future: Finances

LEARNING OBJECTIVE: To expose members to concepts in financial literacy

After learning the content in this session, a student should:

1. Learn how to budget and properly manage money
2. Understand basic concepts of savings and investments
3. Learn about credit cards and debt management

MATERIALS NEEDED:

TIME REQUIRED: 90 MINUTES

Sample Financial Budget (Hand Out)

KEY WORDS

Financial Literacy – the ability to effectively use knowledge and skills to manage financial resources.

Budget- an estimate of income and expenses for a set period of time

Fixed Expenses – expenses that cost the same amount every month (i.e. rent/mortgage, auto loans, insurances)

Variable Expenses – expenses that may fluctuate monthly (i.e. groceries, entertainment, subscriptions)

Couponing- a ticket or document that can be redeemed for a financial discount

Financial Freedom- an ideal situation when your life's purpose and passion funds your monthly expenses and maintain your quality of life

Credit – the ability of a customer to obtain goods or services before payment, based on the trust that payment will be made in the future.



Lesson 23: Session Outline

I. FINANCIAL LITERACY

A. Me and My Money (15 Minutes)

1. Ask the students to describe their relationship with money. Are they casual about money, are they committed to their money, or are they in a complicated relationship with their money. Explain to students that it's important that they commit to managing their money effectively today to avoid money problems in the future. Inform students that this session will focus on educating them on how to Budget Money, Save Money and how to build credit.

B. What is a budget and why is it important?

1. Budget is an estimate of income and expenses for a set period of time.
 - a. Have students write down their own fixed and variable expenses. Now, have them write down their monthly earnings. Some may realize that their expenses exceed their earnings and will need a strategy to offset the negative imbalance.
 - b. Emphasize the importance of managing their money responsibly. At times they will have to sacrifice their wants and only focus on their needs. Express to the members that spending more than they earn will always leave them in deficit.

C. The Value of Savings?

1. Savings and Investments-
 - a. savings is the portion of disposable income after expenses are paid. Ask the students to raise their hands if they participate in saving a percent of their earnings.
 - b. Investments occurs when the investing of money or capital is exchanged to gain profitable return as income or appreciation.

D. What is your Credit Worthiness?

1. Credit – your ability to obtain goods or services before payment, based on the trust that payment will be made in the future.
2. There are different forms of credit, but the most widely known form of credit is credit cards.
3. How to use credit cards - Ask the students how many of them own at least one credit card. Explain that when customers use credit cards, they offer the bank's money, instead of their own, to pay for service, or product today and overtime, repay the bank (forbes). Emphasize that developing good habits is critical to their financial well being such as paying entire monthly balance, never skipping a payment, staying under 30% of your total credit card limit. Poor credit card management will cause you to have higher interest rates on certain applications and a poor credit score to name a few.



Lesson 23: Class Discussion

DISCUSSION TOPICS and STUDENT ACTIVITIES

1. What are the most important elements of a budget?
2. How many students in the class actively engage in saving on a monthly basis?
3. In what ways can credit card usage be beneficial or harmful to a consumer?
4. What financial changes are you willing to make today for a better tomorrow?
5. What is difference between financial stability and financial freedom?
6. Encourage students to avoid costly memberships (i.e. fitness centers, classes) they are no longer using in order to redirect or save money.

USING MEDIA IN THE CLASSROOM

AIMHigh Insights: Get Your Money Right

<https://youtu.be/hig215Slaqg>

LESSON #23 ADDENDUM

At the elementary or middle school level, have members understand how finances are important to their immediate family. Talk about how people make enough money to survive. Use the key words to guide, but make sure the level of the conversation is brought down to a basic level.

This would also be a great place to interject an activity. Print a grocery store flyer and have members do a shopping for a week. Give them a budget.