

FINANCIAL INDEPENDENCE FOR GIRLS: TEACHING IT IN YOUR COMMUNITY

Getting Started

Groups that might be interested in this series of classes are Girl Scouts, 4H, Girls, Inc, or Home Schooled teens. We found it a good idea to have a branch member work with the classroom teacher or the adult leader of the group. The branch leader or coordinator will establish the schedule of lessons for the participating group, and work with the teacher.

We found that most of our volunteers wanted to teach one or two specific lessons where they felt they had the knowledge and skills needed for those lessons. The branch coordinator distributed the appropriate lesson plans to each teacher and then followed up later to see if there were questions about the materials or how to present it.

Our branch members did not all have teaching experience. However, all had experience with teenage girls either from raising teenage girls, had teenage grandchildren, or worked with teens in another organization. Depending on the state/group being taught it may be necessary to submit drivers' licenses to the group leader or the school before teaching.

The classroom teacher or group leader will know the academic level of the students and may have some advice to offer regarding how this particular group learns best.

The Coordinator should check with both the group leader or teacher and the AAUW teacher after each session to see how the class went, and if there are ideas for improvement to the basic lesson plan, or in how the materials should be presented.

The classroom teacher or group leader should be present while the AAUW teachers are presenting lessons.

These internet resources could be very helpful. The Federal Reserve has a free booklet *There's a Lot to Learn about Money* at www.federalreserveeducation.org. National Endowment for Financial Education has an entire High School Financial Program that is well worth looking at www.nefe.org. You can find information about money management skills at www.mindyourfinances.com and at www.smartcredittips.com's Money Matters for Students home page. Take the student credit quiz. There is also the Institute of Consumer Financial Information: www.financial-education-icfe.org/children_and_money/index. www.annualcreditreport.com Look at the FAQ's (Frequently Asked Questions)

Teens today have short attention spans. This is especially true when you teach a group meeting after school. It's important to make the classes as interactive as possible. Lecturing should be kept to a minimum. It is important to get students involved in activities based on the teacher's introductory remarks and have a free flowing dialogue between the girls and instructor. The more hands on- the more successful the program will become.

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Lesson 1: Needs and Wants

Explain a little about AAUW: its history and why we are teaching this class. Use some information from *Gaps in Learning*, *Gaps in Earning* and *Behind the Pay Gap* and many local statistics you have to show the earning power of women, especially those in your community. Who decides how the money is spent at your house? Who earns the money to pay for all these things? Why should women know how to make good financial decisions?

Ask students to give examples of needs and wants in terms of spending money; making purchases. Need = basic to survival; Want = luxuries you can live without but are nice to have.

Ask students to tell how they spent money recently. Was it a need or a want? Lunch: bring from home or buy at school? Hamburger & fries at home vs at McDonalds or Burger King?

EXERCISE: Have students write down their income for the past week and then list everything they bought during the week. List some expenses on black board and ask student to decide if each was a want or a need and justify their answer. Distribute worksheets on which to write down their expenses for the next two weeks. Ask them to bring these to the third class, Budgeting Your Money.

PROM EXERCISE: Use the attached worksheet. This exercise clearly demonstrates wants and needs, the need for planning, establishing a budget and perhaps pooling money to have the kind of special evening the couple wants to have. If the group of students is small they can collectively do both his and her options; if it's a large group ask half to work on Kevin's expenses and the other on Candace's. Try to have the group(s) arrive at a consensus on how much to allocate for each expense.

When they have made all their decisions add the expenses to see if they stayed within the budget. If not, have them decide on what to cut; if they are under budget do they want to allocate more money for an item or save it for some other purpose? If time permits talk about setting short, medium and long term goals. What kind of a goal was saving for the prom? Ask them to identify some particular goals, decide if they are short, medium or long term and explain how they plan to achieve them.

Ask the students to list their own financial goals on a sheet of paper and to explain how they will meet them and how long it will take do so. This may be a new concept to the group.

PLANNING FOR THE PROM EXERCISE

Kevin and Candace have been dating for most of their senior year and are going to the prom together. They want the evening to be special, but are concerned about the cost.

Kevin's parents will give him \$100 to help but he must pay the rest. From his part-time job he has saved \$95. Candace has been saving money for a while and has saved \$360 for the prom. Her parents appreciate her hard work & planning but with two children in college and Candace starting next year, they can't help with the expenses. The prom will be at a local hotel; it begins at 8 pm and continues until midnight. Light refreshments will be served throughout the event.

<u>PROM EXPENSES – WISH LIST/OPTIONS</u>		<u>EXPENSES</u>	
Ticket		\$30.00	
HIS OPTIONS		HER OPTIONS	
Dinner:			
Forego dinner	\$ 0		
At home (per couple)	10.00		
Reasonable restaurant	30.00		
Expensive restaurant	80.00		
Transportation:			
Walk	\$ 0		
Family car	5.00		
Limo with another couple	30.00/hr		
Suit:		Dress:	
One he owns	\$ 0	Borrow or use her own	\$ 0
Tux rental	125.00	New dress	100.00
Deluxe Tux rental	200.00		175.00
			250.00
Shoes:		Shoes:	
Pair he owns	\$ 0	Pair she owns	\$ 0
Discount shoe store	30.00	Discount shoe store	20.00
Moderate shoe store	70.00	Moderate shoe store	50.00
Flowers:		Flowers:	
Corsage	\$ 20.00	No boutonniere	\$ 0
Corsage	35.00	Boutonniere	3.00
		Boutonniere	7.00
Haircut/Styling:		Haircut/Styling:	
Do your own styling	\$ 0	Do your own styling	\$ 0
Cut at barber shop	10.00	Wash & style at salon	25.00
Cut & style at barber	20.00	Wash, cut, perm at salon	70.00
		Miscellaneous:	
		Nails/Makeup	
		Do at home	\$ 5.00
		Beauty Salon	35.00
		Accessories:	
		Earrings	20.00
		Necklace	25.00
Total		Total	

Lesson 2. Pay Roll and Tax Information

Begin discussion talking about minimum wage jobs available to most teens. What papers do you need in order to be paid? Birth certificate? SSN? Hiring papers? W-4 Form? Have copies of W-4. Explain how to complete. Download forms from www.irs.gov/formspubs/lists

Base calculations on the minimum wage in the state where you are teaching.

Florida minimum wage = \$6.67 per hour – in 2007

Work 15 hrs per week

Weekly pay(Gross) =	\$100.05
FIT	4.91
FICA	
SSA - 6.2%	6.20
Medicare - 1.45%	<u>1.45</u>
Take home pay(net)	\$ 87.49

Work 20 hours per week

Weekly pay(Gross) =	\$133.40
FIT	8.24
FICA	
SSA	8.27
Medicare	<u>1.93</u>
Take home pay(net)	\$114.96

Bi-Weekly pay (Gross) = \$ 200.10

FIT 9.82

FICA

Social Security – 6.2% 12.41

Medicare - 1.45% 2.90

Take Home pay (net) \$174.97

Deductions itemized on pay check for the pay period covered are those listed above. Have copies of mythical pay check stub for students. To learn what your payroll deductions will be before you take a job, go to www.payroll-taxes.com/calculators.htm.

Federal Income Tax – What is this money used for? Can I get back any of the money taken out of my pay check? Will I ever have to pay more? Why?

Federal Insurance Contributions Act includes tax provisions of the Social Security Pact.

Social Security Administration – begun in 1935 – what does this do for you?

Medicare/Medicaid – started in 1965 – what is the difference between Medicare and Medicaid. Why should you pay this now?

Why have job that requires all these deductions? What are the long term benefits?

W-2 Form shows total amount of money earned for the calendar year. How do you get a W-2 form? Have copies of filled out W-2 form for students. Show Federal Income Tax, Social Security Tax and Medicare amounts withheld for the year.

Who can get an FIT refund at the end of the FY? How? Have copies of IRS Form 1040 EZ. Discuss how to complete it.

Other points for discussion: are hourly employees paid if they don't come to work as scheduled? What are differences between a salaried employee and an hourly one? How can you increase your hourly rate of pay? How can you get a higher paying job? If you leave a job why should you leave on good terms with your employer?

Lesson 3. Budgeting Your Money (Based on information from Paycheck session)

The week before this lesson the students should be reminded to bring the expense worksheets they have been keeping since the first lesson.

EXERCISE: Fill three envelopes with take home pay using imitation money. Establish rule that each student must reimburse her family for gas used to drive her to and from work. Give 1st envelope to 1 student; select student to take money as it is spent and another to serve as banker. Use a pre-planned list of items with costs of items students might purchase immediately after being paid: fake nails, cute shirt that can't be worn to school; CD, DVD, movie, popcorn & soda at theater; ice cream afterwards. Money must be gone when student gets home. Student is in debt to family for gas money

Give 2nd envelope to another student. Gas money for two pay periods is taken out first. Then there are more impulse purchases (shoes, jeans, make-up, etc) so no money is left.

Ask girls how they plan to save for gifts for family & friends; how they plan to save for major items. Hand 3rd envelope to 3rd student and start spending money according to another pre-planned list and see what happens.

Then ask students why they are working or why they want to get a job. Have them write answers on a worksheet based on the information below.

I have or want a job because _____
Are there items you will have to pay for out of your earnings? ____ What are they? _____
Are you thinking about saving money for something expensive? ____
What are you saving for? _____ When do you plan to get it? _____
Do you know how much it will cost? _____ Have you checked prices? _____

If you save \$10 per week how much will you have after one year? _____
How much will you have left as spending money? _____
If you save \$20 per week how much will you have after a year? _____
How much will you have left as spending money? _____
If you save \$25 per week how much will you have after a year? _____
How much will you have left as spending money? _____

Ask them to share answers. Then ask these questions: Where will you keep your savings so you won't spend them? How can you make your savings grow? If you get a raise or a better paying job what will you do with the additional money? If you can't work who will pay your regular expenses? Create a budget based on the weekly paycheck amount calculated in the last class. It should include savings, needs, clothing and fun things.

Ask students to get out expense worksheets they have been keeping since the first class. How much did they spend on wants, on needs? Do they have any money left? Why? Did they purposely save it? How long will it take them to have money to achieve those goals they mentioned in the first class? Discuss goal setting again and explain goals must be reasonable and attainable in a measurable period of time.

LESSON 4: CHECKING AND SAVINGS ACCOUNTS

1. Name and discuss cards and checking and savings file folders distributed.
2. Introduction: The Associated Press article entitled, "Many Students Lack Finance Smarts". A national survey suggests that high school seniors' knowledge about money management, investing and savings has gone from bad to worse. In a 31 question multiple choice exam the students averaged only 50.2% correct answers about personal finance and economics. Improving financial literacy among young people is crucial.... It might prevent them from making poor financial decisions later in life that could take years to overcome...lack of financial discipline could lead to them to be unable to save and plan for a secure future.
3. Money, yesterday, today and tomorrow. One good way to get kids interested is to teach them something about the history of money. This will help them understand money as a medium of exchange and as a commodity that can be saved for future use. Ask them what things they would use as money, (trading cards, books, video games). Explain that in the past people used practical things such as sea shells, cattle, bullets and beads (wampum) for money. In the 1940's during Germany's postwar economic collapse, chocolate bars and cigarettes were used as money. Money circulates continuously; employers pay wages, wages pay the grocer and mechanic, who use the money to pay for their own supplies and employees. Money in savings banks is used by borrowing businesses to buy more goods and services and to employ more people.
4. Exercise: In their folders they will have sample checks and check book ledgers. Ask them to fill out their deposit slip and make a deposit for their paycheck, recording it to the ledger. Then have them write checks and record them for the following items: Savings account, \$50.00. Discuss why paying yourself first is important. Continue with, Target for clothes \$59.10, Walgreen's Drugstore for prescriptions, \$51.21; supermarket for groceries, \$74.54; Best Buy, down payment for computer \$65.00. Have them "balance" their checkbook. Ask them how much they have left before the next payday. Entertain questions.
5. Discussion: Checks are legal documents. Define terms: monthly statement, reconcile, service charge, check register/ledger/stubs, endorsement, bouncing a check, bad check - "insufficient funds", overdraft, fraud, felony, kiting, legally binding - the written sum and the for or memo line.
6. Exercise: Turn to the two bank statement pages in the folder. By using that information show them how to reconcile their statement.

LESSON 5: DEBIT AND CREDIT CARDS

1. Name cards and credit/debit card file folders distributed.
2. Introduction to establishing good credit. Establishing good credit takes time. You must have a permanent address, steady employment, you must maintain a savings and/or checking account and pay all your bills on time. You might apply for a gasoline, bank or department store credit card with a small credit limit or a pre-paid credit limit. If small credit limit is chosen you must pay it back promptly. If you are under 18 years of age, you will need an adult to co-sign a loan with you.
3. Learning the language of consumer credit. Examples: Annual percentage rate (APR), co-signer, credit reporting agency, credit rating, default, delinquent account, finance charge and installment payment. Books to read: Suze Orman.
4. What is credit? What is debit? Credit is being able to spend money you don't have but for this privilege you agree to pay back what you owe plus an interest fee for using the credit. The key to using a credit card is using it as a money management tool and having discipline to stay within your budget. Debit cards are used to directly access a checking or savings account with a pin number instead of writing a check. Stress the importance of writing the entry in your check book ledger.
5. Practice credit card statement exercise. Review the credit card statement provided and find answers to the following questions. How much did this person charge in the month of the statement? Did the person make a payment in the previous month? If so, how much was the payment? Etc.
6. Buy Now! Pay no interest for one year! The key is to pay the debt in full during that one year or accrue interest at an exorbitant APR.
7. Visual example: Say you bought "Stuff", (a boom box, CDs, movie tickets, clothes), in fact \$500 worth of "stuff". Your APR is 18%. You are going to pay minimum payments of \$15 a month. The interest you will pay is \$180, totaling \$680 for only \$500 worth of stuff. Additionally, it will take you almost four (4) years to pay this off!
8. Your challenge! The top ten questions to ask before signing on the dotted line: Do I really need this item right now or can it wait? Can I qualify for credit? What is the interest rate? Are there additional fees? How much is the monthly payment and when is it due? Can I afford to pay the monthly payments? What will happen if I don't make the payments on time? What will be the extra cost of using credit? What will I have to give up to pay for it? (Opportunity cost). All things considered, is using credit worth it?

LESSON 6: EMPLOYMENT AND INTERVIEWING SKILLS

1. Name cards and employment and interviewing skills folders distributed.
2. Introduction of article, "Majority of U.S. women living by themselves" from the New York Times. "For what experts say is probably the first time, more American women are living without a husband than with one..." Ladies, there is no Prince Charming that will rescue you from working for a living!
3. Discussions with the girls regarding their work and volunteer experiences. Examples: babysitting, mowing lawns, running errands for neighbors, reading to children, visiting elderly folks, working on a community project or fund raiser. Include an overview of the state's child labor laws.
4. How to apply for a job. First impressions count, be prepared, dress appropriately, tips for completing the "app", personal information, prior employment information, personal, character and business references, education and skills.
5. Interviewing: Be prepared, typical interview process, take it easy, body language, attitude, don't appear desperate, smile, ask questions, determine employer needs and wants, don't talk too much. After the interview: Send a thank you note and follow-up.
6. Role playing in a comical skit of, "How not to apply for a job" where a gum snapping, cell phone talking girl with a negative attitude is interviewed by a potential employer. Discussion of the things she does correctly and incorrectly.
7. Practice interview questions between groups of two girls. Tell me about yourself; What is your favorite subject in school and why? Do you have plans for future education? Where do you see yourself in five years? Ten Years?
8. Sample application overview - Exercise: The girls are encouraged to prepare index cards with their personal information including their social security number, driver's license number, names, addresses, dates and phone numbers of their previous employers, educational experiences and personal references.
9. Cover letters discussion: A brief synopsis of the qualifications you would bring to the job and why you would be a good candidate. Sample handouts.
10. Your resume: Personal information, objective, qualifications, education, employment, personal interests and community involvement. Sample handouts
11. Community opportunities: Examples: Local literacy coalitions need tutors for adults and children; County Dress for Success Programs; include phone numbers.

LESSON 7: SAVVY SHOPPING

What is savvy shopping?

Is it a *want* or a *need*?

How do you know what a good price is? Do you know what the regular price is?

Should you *really* afford it?

Expensive purchases:

Where can you get the best deal? Will the product be reliable? How long should it last?

Are all brands, models the same? Are some differences unacceptable?

How much can you afford to pay for it? Are there other expenses besides initial cost?

Should you borrow the money? How much would it cost to borrow the money and how long would it take to pay off the loan? What should you know about loan agreements? What happens if you skip payments?

What else should you consider before you buy an expensive item? Tax? Delivery cost?

Clothes:

Good quality for your money? How do you tell? Is there a difference between brand names? Do all products with the same brand name have the same quality?

Does it fit right? Is it comfortable? Do you feel good in it? Can you wear it with more than one item? Does it need to last a long time? Is it made well? How can you tell?

How are you going to use it? Wear it every day? Use it every day? (Shoes, school clothes, underwear) Weekends/vacations?

Sales ads and coupons:

Sales ads that come free to your house: Are they enticing you by advertising an inferior product that they over-ordered and can't sell or is it limited in quantity so it will be gone quickly & shoppers will choose something else?

Coupons? Are they a good deal? Buy 3 save 25cents-is that a deal if you've never tried the item? Will spoil if you don't use it soon? Do you need more than one?

Where to shop? Is online a good deal when you add tax and shipping, and cost to send back if it isn't what you expected? Discount stores? Malls? Boutique shops?

For all shopping:

How far to go to shop? Does the store have the item in stock? What will it cost to get there? Is bigger always better? Can it be returned if it's unused or doesn't work?

LESSON 8: BUILDING FOR THE FUTURE

What are the differences between being paid a salary vs hourly work?

Who will pay the regular expenses when someone can no longer work?

Why is it important to begin saving for the future very early? Why is it important to increase the amount you save when your pay increases?

What are some different methods of saving for the future? Discuss time value of money – the effect of time, money, and rate of interest (or rate of return) on savings and investment growth. Make a sample table of amount saved per week in one column and its value after 10 years given an average rate of interest.

Rule of 72: (1) Divide 72 by the interest rate you expect to earn. This will show approximately how many years it will take to double your money.

Saving Now VS Saving Later Earning 9% Interest

Beginning	Monthly Amount Saved	End Result 20 Years From Now
Now	\$50	\$33,394
In 10 Years	\$150	\$29,027

What is a 401K? An IRA? a Roth IRA? A company pension plan? Use the example of two people who decide to contribute \$2,000 annually to their IRA's. Both accounts earn on average 9% annually. The first person begins saving \$2000 annually for nine years, from ages 22-30. She makes a total investment of \$18,000, and makes no further contributions. At age 65 her IRA will be worth \$579,471. However, the other person decided to wait until age 31 to begin her annual contributions of \$2000. She continues to make her contributions every year through age 65. She invests a total of \$70,000, and will have only \$470,249 in her IRA. She invested \$52,000 more and made \$100,000 less. More time means more money!

A good rule of thumb is the 70-20-10 Rule:

- √ You spend 70%.
- √ You save 20% for later for spending on larger ticket items.
- √ You invest 10%.

Where can you get reliable financial advice? Are there places/people not to go to for financial advice?