

FINANCIAL LITERACY

LESSON 1: INTRODUCTION



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LEARNING OBJECTIVES

By the end of this lesson, you will be able to...

1. Describe what _____ is
2. Describe why it is important to learn about money and the American way
3. Develop strategies to help _____ and _____ money and financial issues

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KEY CONCEPTS

- ▶ **Personal finance:** All of the decisions and activities of an individual or family regarding their money, including spending, saving, budgeting, etc.
- ▶ **Credit:** The granting of a loan and the creation of debt; any form of deferred payment
- ▶ **Financial literacy:** The knowledge and skillset necessary to be an informed consumer and manage finances effectively

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WHAT IS PERSONAL FINANCE?



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PERSONAL FINANCE

What is personal finance?

- ▶ Personal finance refers to all the _____ decisions an individual or family must make in order to _____, _____, _____, and spend money over time.

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WHAT DO YOU NEED TO KNOW FOR FINANCIAL PLANNING?

1. What is your income going to be?
2. What are your money goals?
3. How can you plan to reach these goals?
4. How can you stay on top of your plan?

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WHY IS IT IMPORTANT TO LEARN ABOUT MONEY?

What are They Worth?

<p>Quarter</p>  <p>25¢ \$0.25</p>	<p>Dime</p>  <p>10¢ \$0.10</p>
<p>Nickel</p>  <p>5¢ \$0.05</p>	<p>Penny</p>  <p>1¢ \$0.01</p>

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MONEY AND THE “NORMAL AMERICAN FAMILY”

DEBT PROFILE OF THE AVERAGE AMERICAN FAMILY*

Average Credit Card Debt (of households with credit card debt)	\$15,799
Average Mortgage Debt	\$149,667
Average Student Loan Debt	\$32,559
Average Car Loan Debt	\$13,125

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HOW DO PEOPLE END UP IN DEBT?

- ▶ People like to _____ things
- ▶ Being debt is _____
- ▶ We are taught that we can **buy happiness**.
 - ▶ Is this true?
- ▶ Debt keeps people from _____ money because we are constantly giving our money away to pay for things we bought
- ▶ In America, marketing ads that push people to buy things

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WHY IS BEING “MONEY SMART” IMPORTANT?



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BECOMING “MONEY SMART”

Language of money

- Need to know important terms
- Need to decide _____ your money will go

Being money smart

- understand _____
- understand the _____ and how money works
- commit to achieving your financial goals

How you view money

- How do you view money?
- What is your money personality?

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IMPORTANT TERMS

- ▶ **Consumer:** A person or organization that uses a product or service
- ▶ **Debt:** An obligation of repayment owed by one party (the debtor/borrower) to a second party (the creditor/lender)
- ▶ **Economy:** A system by which goods and services are produced and distributed
- ▶ **Interest:** A fee paid by a borrower to the lender for the use of borrowed money; typically interest is calculated as a percentage of the principal (original loan amount)
- ▶ **Loan:** A debt evidenced by a "note," which specifies the principal amount, interest rate, and date of repayment
- ▶ **Personal finance:** All decisions regarding money, including spending, saving, budgeting, etc.

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MONEY PERSONALITY

- ▶ **Frustration:** Many teens expressed negative emotions about money: _____, frustration, _____, distrust, and even hatred.
- ▶ **Role Models:** You are watching how parents/caregivers _____ money.
Pragmatic: Personal savings, budgeting experience.
- ▶ **Money Isn't Everything:** Money is _____. Yes, it is needed to survive, but it is not a requirement in making people happy.

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LEARNING CHECK

What is personal finance?

Why is it important to learn about money?

Why is being "money smart" important?

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“money is 80% behavior and 20% head knowledge. What to do isn't the problem; doing it is...

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