MODULE 7

PERSONAL FINANCE SKILLS DEVELOPMENT

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Content

FLY
Financial Literacy for Youth

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"PERSONAL FINANCE SKILL DEVELOPMENT REFERS TO THE PROCESS OF LEARNING AND ACQUIRING THE SKILLS, KNOWLEDGE, AND HABITS NECESSARY TO MANAGE YOUR PERSONAL FINANCES EFFECTIVELY"

Financial Literacy for Youth

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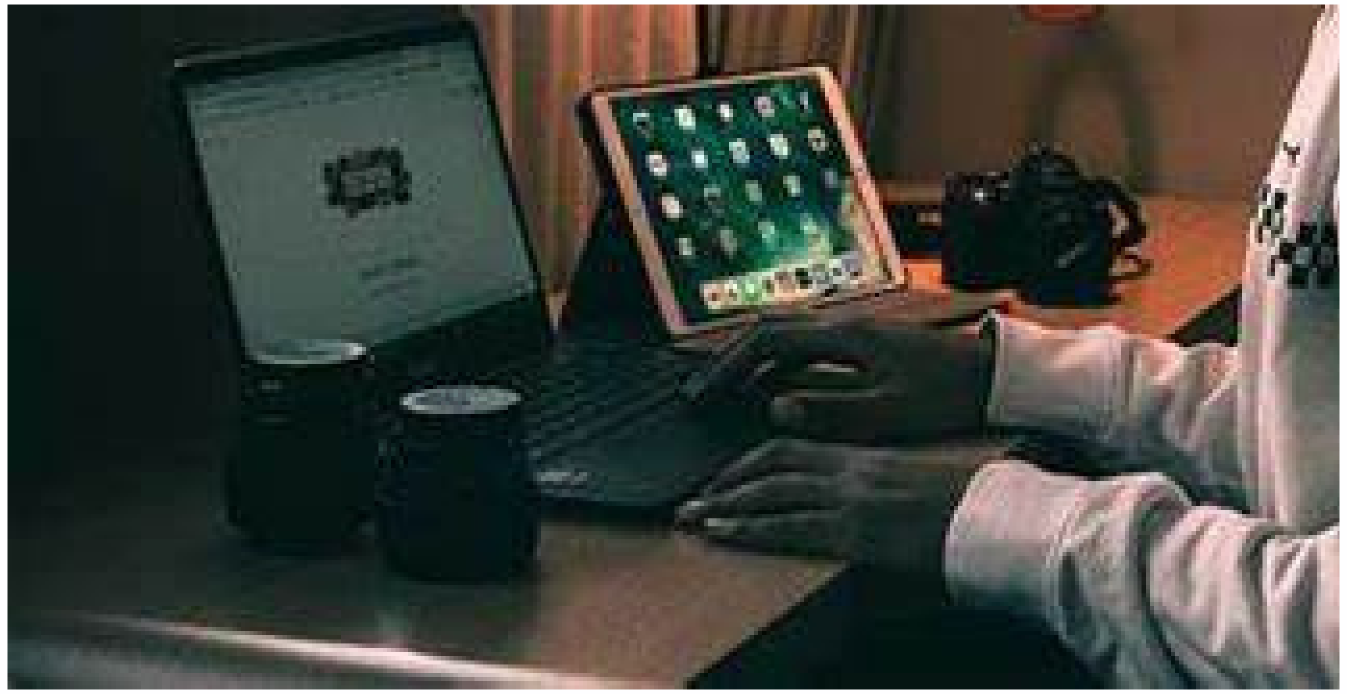
Introduction



Developing personal finance skills is important for individuals of all ages, including young people who are just starting out on their financial journey. By developing strong financial skills and habits early on, young people can set themselves up for financial success in the long term. Also, they can make informed decisions about their personal finances, improve their financial security and achieve their financial goals.

What is Financial knowledge and skills ?

Financial knowledge and skills refer to the understanding and ability to manage personal finances effectively. This includes the knowledge of financial concepts such as budgeting, saving, investing, and managing debt, as well as the ability to apply this knowledge to real-world situations. Financial knowledge involves an understanding of key financial concepts, such as interest rates, inflation, and risk management. It also includes knowledge of different financial products and services, such as stocks, bonds, mutual funds, and retirement accounts.

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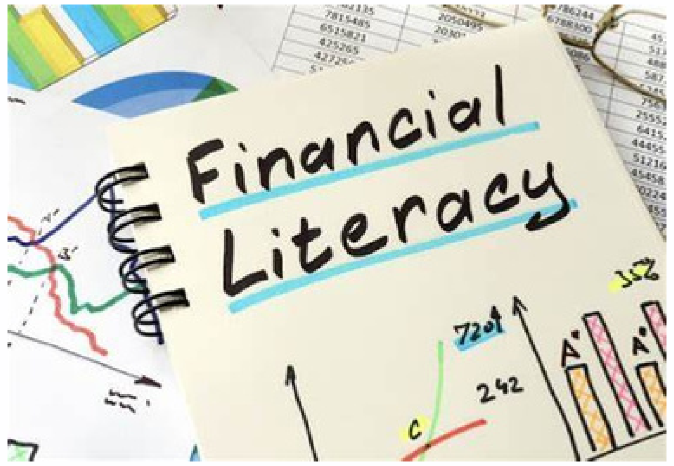
Youth Skills for Financial Literacy I



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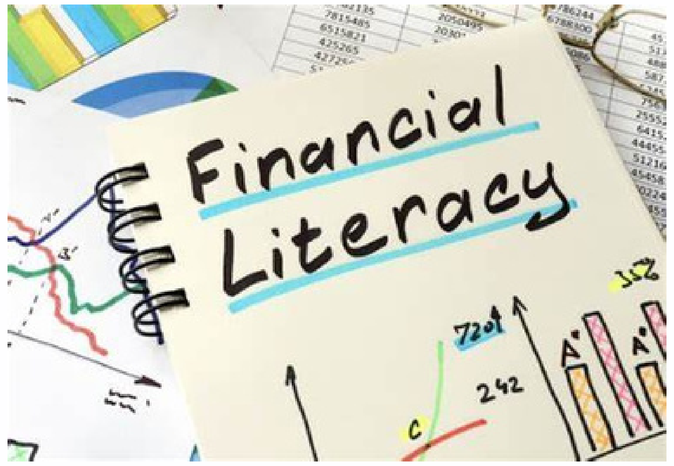
- Basic math skills: Having strong math skills is essential for managing money effectively. Youth should have a solid understanding of addition, subtraction, multiplication, and division, as well as basic algebra and percentages.

- Critical thinking skills: Financial literacy requires critical thinking skills, such as the ability to analyze financial information and make informed decisions. Youth should be able to evaluate different financial products and services, compare prices and fees, and assess the risks and rewards of different investment options.

- Budgeting skills: One of the most important skills for financial literacy is budgeting. Youth should know how to create a budget, track their income and expenses, and make adjustments to their spending habits as needed.

- Saving skills: Another key skill for financial literacy is saving. Youth should understand the importance of saving money and be able to develop a savings plan that works for them.

Youth Skills for Financial Literacy II



- Investing skills: Investing is an important aspect of financial literacy, and youth should understand the basics of investing, such as diversification, risk management, and compound interest.

- Communication skills: Good communication skills are important for financial literacy, as youth may need to negotiate with lenders, discuss financial goals with family members, or explain financial concepts to others.

- Technology skills: Technology is an important tool for managing money, and youth should be comfortable using financial apps, online banking, and other digital tools to manage their finances.

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Ways young people can improve their personal finance skills

1. Create a budget: Start by creating a budget that includes all your income and expenses. This will help you understand where your money is going and where you can make adjustments to save more.

2. Educate yourself: Read books, articles, and blogs on personal finance. Attend seminars or workshops or take online courses to learn more about financial planning, investing, and budgeting.

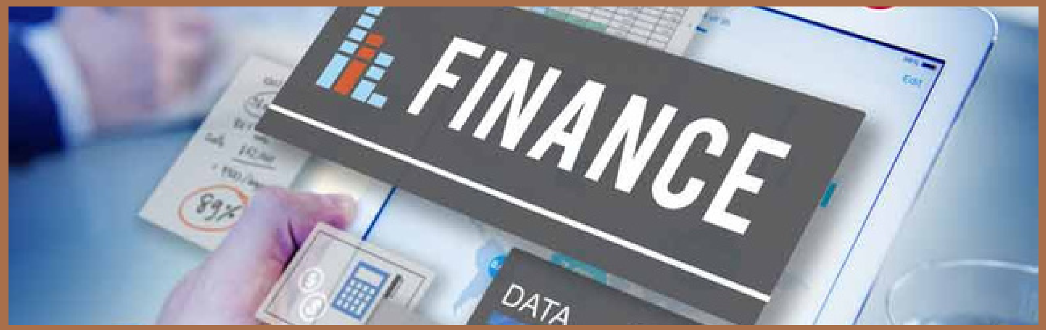
3. Start saving: The earlier you start saving, the more time your money has to grow.

4. Track your spending: Tracking your spending is an essential step in personal finance management. It involves keeping a record of all your expenses, including both fixed expenses (such as rent or car payments) and variable expenses (such as groceries or entertainment).

5. Avoid debt: Avoid taking on unnecessary debt and pay off any existing debt as soon as possible. Use credit cards responsibly and pay your bills on time to maintain a good credit score.

6. Invest wisely: Learn about different investment options and choose ones that align with your goals and risk tolerance.

7. Stay disciplined: Practice self-discipline and avoid impulse purchases.



Principles of Finance

1. Time value of money
2. Risk and return
3. Cash flow
4. Diversity
5. Profitability
6. Liquidity and hedging

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Tools for personal finance skill development

1. **Investing platforms:** Platforms such as Robinhood, Acorns, and Stash can help beginners learn about investing and start investing with small amounts of money.
2. **Personal finance blogs and podcasts**: There are many personal finance blogs and podcasts that offer advice and insights on managing money. Some popular examples include The Simple Dollar, ChooseFI, and Afford Anything.
3. **Financial planning software:** Software such as Personal Capital and Quicken can help with financial planning, retirement planning, and investment management.
4. **Credit monitoring services:** Services such as Credit Karma and Identity Guard can help monitor your credit score, detect fraud, and provide alerts when there are changes to your credit report.
5. **Financial literacy courses:** There are many online courses available that can help develop personal finance skills, such as those offered by Khan Academy and Udemy.

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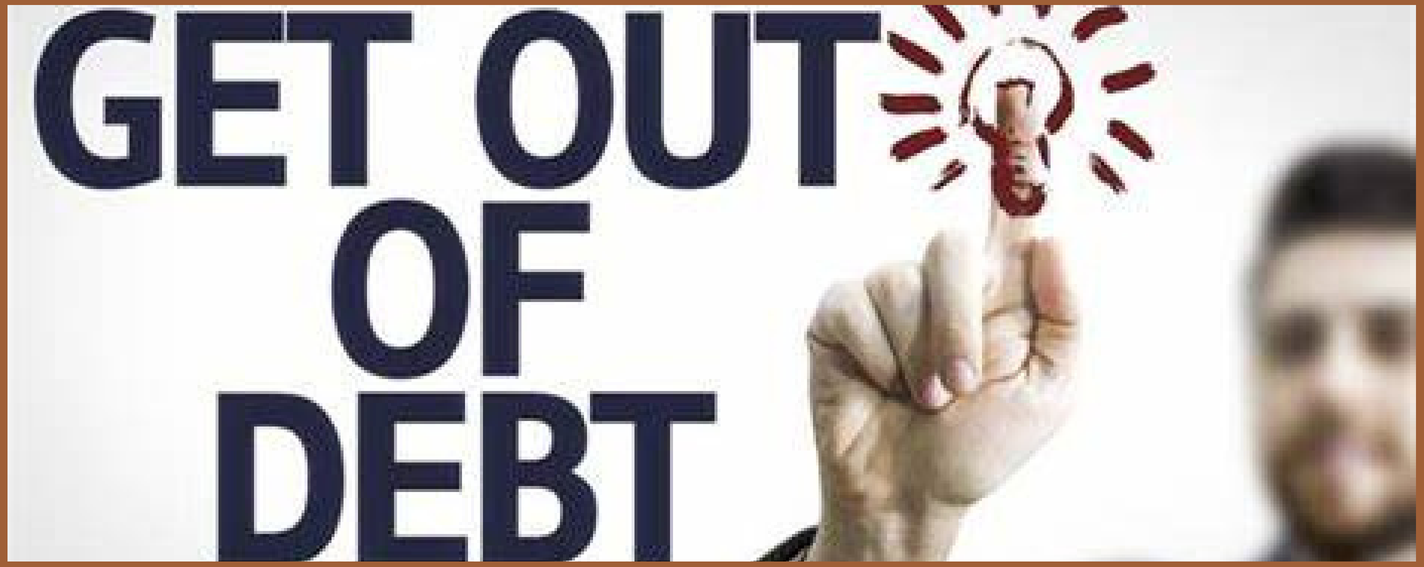

1. CREATE A BUDGET

Setting and following a budget is probably the most basic personal finance skill, yet only about one-third of people actually have a detailed budget. A budget is necessary to get a handle on where your money is going and to start deciding where you want your money to go

2. PRIORITIZE SPENDINGS

Make sure to prioritize spendings on essential items such as rent, utilities, and groceries. Avoid spending money on non-essential items that can lead to unnecessary debt.

3. SAVE FOR EMERGENCIES

Creating an emergency fund can help you avoid taking on debt when unexpected expenses arise. Aim to save at least three to six months' worth of living expenses in an emergency fund.

HOW CAN YOUNGSTERS AVOID DEBT?

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4. USE CREDIT CARDS RESPONSIBLY

Credit cards can be useful tools, but they can also lead to debt if not used responsibly. Avoid carrying a balance on your credit cards and aim to pay your bills on time to avoid late fees and interest.

5. AVOID UNNECESSARY EXPENSES

Avoid unnecessary expenses such as eating out, buying expensive clothes or gadgets, or taking expensive vacations. Instead, focus on finding ways to save money on everyday expenses.

6. CHOOSE AFFORDABLE HOUSING

Housing is often one of the biggest expenses for young people. Choosing affordable housing can help you avoid taking on too much debt.

7. CONSIDER PART-TIME WORK

Taking on part-time work can be a good way to earn extra income and avoid taking on debt. Consider taking on a part-time job or freelance work to supplement your income.

HOW CAN YOUNGSTERS AVOID DEBT?

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ACTIVITIES MODULE 7

PERSONAL FINANCE SKILL DEVELOPMENT

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MODULE 7

ACTIVITY 1: CASH FLOW FORECAST

Learning Objectives

1 Introduce the Cash-Flow tool and its utility

2 Showcase how decisions and unexpected reasons can influence personal finances

Duration

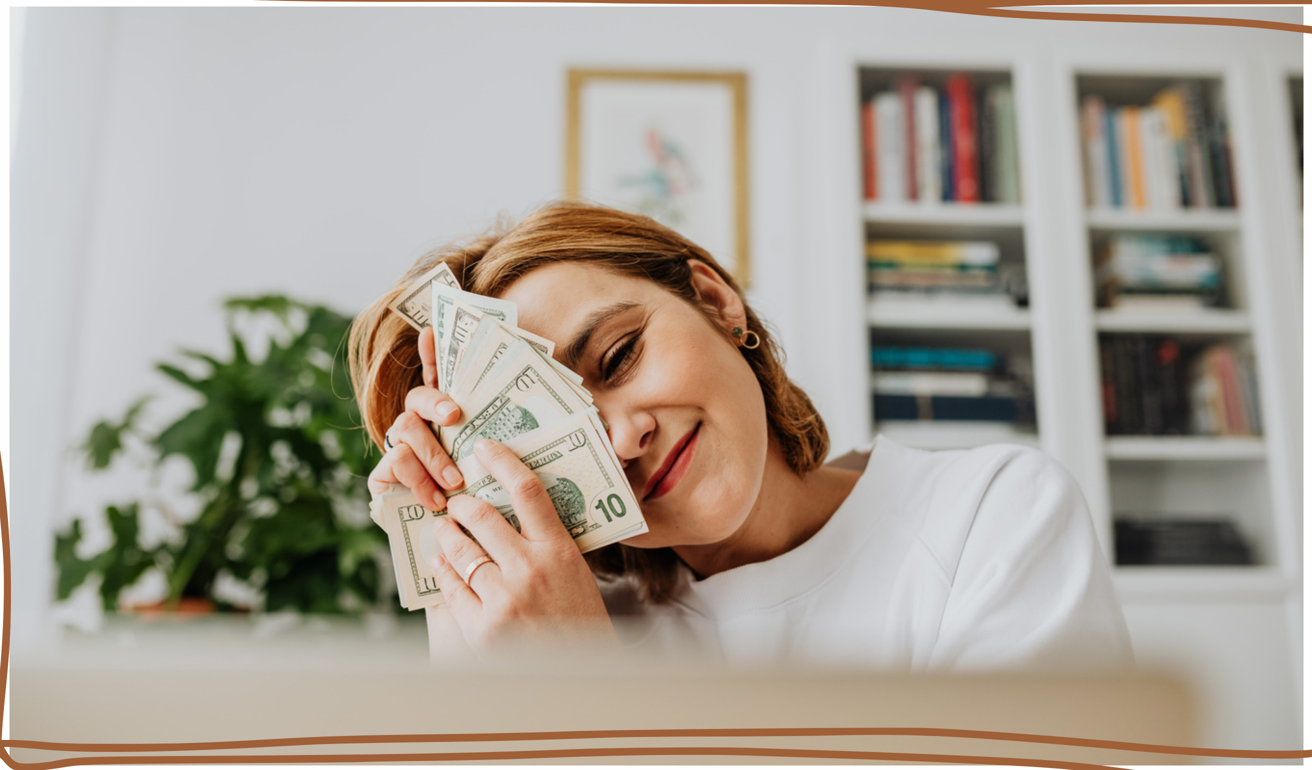
1 hour

Level

- ☑ Beginner
- ☐ Intermediate
- ☐ Advanced

Materials /Resources

- Cash flow template (xls or printed)
- Printed Case study, paper & pencils



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Activity 1: Cash Flow Forecast

Descriptions - Activity steps

Prepare the material: The activity is a case study called "Jumbo Toys".

Start the activity: begin the activity by introducing the case study and explaining the basics on how to fill in the cash-flow template with future income, expenses and how to project if the shop will have the financial capability to overcome unexpected expenses and what alternative ways to use to improve the cash-flow forecast. Distribute the case study sheet and let them fill in the relevant fields and provide you with an answer.

Round-table discussion: end the activity with a round-table discussion where participants can justify their initial choice and the changes they made. This will help them reflect on their decisions and share the knowledge they have acquired with others. Encourage participants to ask questions and engage in a constructive discussion.

Wrap up: Finally, wrap up the activity by summarizing the key takeaways and providing participants with additional resources for learning relevant videos and additional activities in order to encourage participants to continue learning and practicing their skills.

Debriefing questions

01

Why is cash flow important?

02

What is the difference between profit and cash flow?

03

How to improve cash flow?

Additional Material

- https://www.tes.com/teaching-resource/cash-flow-forecasting-video-and-activity-resource-with-calculation-answers-12291514
- https://www.richdad.com/promotions/cashflow-classic-evergreen

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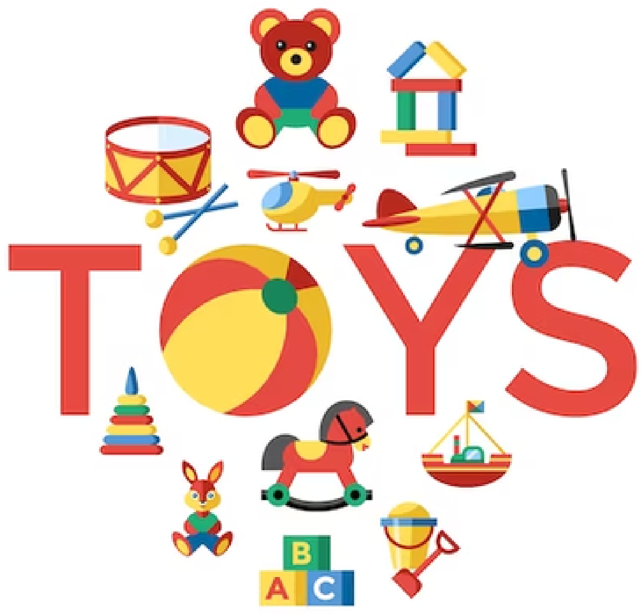
Activity 1: Cash Flow Forecast

Case Study



Add in the following data:

- The shop estimates the following cash sales each month:
  September - €2500
  October - €3500
  November - €5000
  December - €5500
  January - €1000
  February - €1500
- The stock is bought on **1 months credit,** in each month the shop estimates ordering:
  August - €1000
  September - €1500
  October - €2000
  November - €3000
  December - €1000
  January - €1000
- The Balance brought forward (opening balance) for August is €5000
- The Staff have wages of €1000 per month to be paid
- The Utilities bills are paid every three months (Jan, Apr, July, Oct) and are €500
- The mortgage repayment is €1200 each month

Extention

In October the shop roof starts to leak and must be repaired immediately. It costs €5000 which the owner claims on the insurance. Unfortunately the insurance money will not be paid until January.
Will the business be able to pay for the repairs?

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ACTIVITY 2: THE TOOLS TO BUILD YOUR FINANCIAL DREAM

Learning Objectives

1. Explore why debt occurs and how to prevent it
2. Learn how debt impacts credit potential
3. Discover actions to alleviate debt

Duration

2 hours

Level

- ☑ Beginner
- ☐ Intermediate
- ☐ Advanced

Materials /Resources

- Projector, Computers or tablets, Internet access
- Participants activity sheet

Activity 2: Playing an investment game

Descriptions - Activity steps

Whole-class introduction: Ask participants to name some things people invest in. Answers may include stocks, real estate, or classic cars. Read the "Exploring key financial concepts" section to participants. Be sure participants understand key vocabulary.

Group work: Tell participants they'll work in groups to review scenarios that affect the stock of an imaginary company. Divide participants into five groups. Distribute the "Playing an investment game" worksheet to each student. Give each group two scenario strips. Make sure they're face down so participants can't see the text. participants will turn over the first strip and review the scenario.They'll complete the game card on the worksheet for that scenario.

- As part of this process, they'll brainstorm why they think the stock price rose or fell with each scenario. They'll record their thinking on the game card. participants will turn over the second strip and review that scenario. They'll complete the game card for that scenario.
- Again, they'll record their hypotheses on why the stock rose or fell. Each group will record their final stock price on the game card. participants will then answer the reflection questions on their own.

Wrap-up: Bring participants back together and ask each group to share their final stock price and what happened to cause the price change. Identify the team that ended up with the highest stock price and have participants explore how that team's experience differed from some of the other teams.

- Ask participants to consider the unpredictability of the scenarios they received and how that relates to the riskiness of stocks.
- Explain that a stock that "wins" today won't necessarily "win" tomorrow.

Debriefing questions

01

How risk affects decision making?

02

Given the risks and rewards of stocks, would you consider investing in stocks in the future?

03

Do you consider that the use of stock prize patterns can reduce the risk?

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Activity 2: Playing an investment game

Scenario

Each group starts with one share of We Make Cool Tech Stuff Inc. stock.

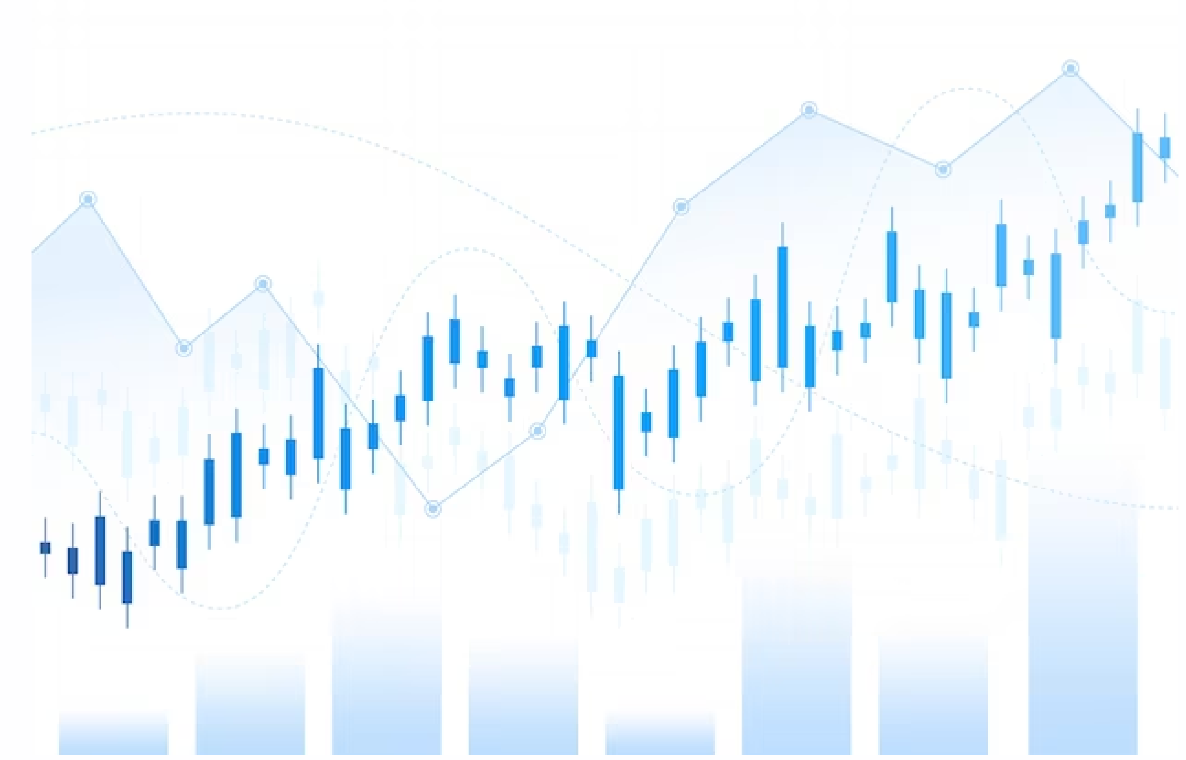
- This company is a gadget and software manufacturer.
- You paid $100 for one share of this stock.

Take two scenario strips. Each details an event that affects the company's stock price.

- Review one strip at a time.
- On the game card, record what happens in each scenario and why you think the stock price rose or fell.

Game card

Scenario 1	Scenario 2
Starting stock price	Stock price after scenario 1
€100	€
Change in stock price	Change in stock price
Why do you think this had a positive or negative effect on the stock price?	Why do you think this had a positive or negative effect on the stock price?
Stock price after this change	Final stock price
€	€



Debriefing questions

01

How risk affects decision making?

02

Given the risks and rewards of stocks, would you consider investing in stocks in the future?

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Do you consider that the use of stock prize patterns can reduce the risk?

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Scenario - Answer Guide

Scenario	Possible reason(s)
Scenario 1: The company recalls 100,000 gadgets to repair a glitch. The stock price falls €10.	Recalling and repairing the gadgets would increase the company's costs. In addition, potential buyers might decide not to buy the gadget even if the glitch is repaired. These factors could reduce the company's profits.
Scenario 2: The company's gadget sales are higher than expected. The stock price rises €10	Higher sales oftenlead to higher profits
Scenario 3: A rival company launches a competing gadget. The stock price falls €20.	A competing product could cut into sales, which could reduce profits.
Scenario 4: A hurricane damages the company's biggest gadget factory. It'll take two months to complete repairs and resume production. The stock price falls €30.	The company will produce fewer gadgets duringthe repairs, which means sales will be lower than projected. That could reduce profits.
Scenario 5: The company finds a way to cut the cost of making gadgets.The stock price rises €20.	Lower production costs mean the company can make more money on each gadget it sells. That could increase profits.
Scenario 6: The company starts selling gadgets in two new countries. The stock price rises €30.	Finding new places to sell a product usually increases sales. That could increase profits.

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Scenario - Answer Guide

Scenario	Possible reason(s)
Scenario 7: A celebrity is seen using the company’s newest gadget. The stock price rises €35.	When celebrities endorse something or are believedto like something, many people want to followthem. That could increase profits.
Scenario 8: The company’s chief executiveofficer is involvedin a scandal. The stock price falls €40.	Investors might not want to support companies run by people who behave unethically. In addition, possible management changes might disrupt the company’s operations. These factors could lower profits.
Scenario 9: The company comes out with the most popularapp of the year. The stock price rises €60.	Popular apps are purchased by many people. This results in increasedsales and increasedattention. That could increaseprofits.
Scenario 10: After batteriesin the gadget explode, a huge lawsuit is brought againstthe company. The stock price falls €80.	People might be concerned that the companywould lose the lawsuit and have to pay a lot of money. That could lower profits.
Scenario 11: The company is bought by the leading tech company in America. The stock price doubles	A company’s stock price often rises when it’s acquired by another company.
Scenario 12: The store chain that usually places the highest orders for the company’s gadgets goes out of business.The chain closes 1,000 stores across the country. The stock price falls €30.	The company’s gadgets will be sold in fewer stores. This could reduce sales, which could lower profits.

Activity 2: Playing an investment game

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ACTIVITY 3: SHARPENING MONEY DECISIONS

Learning Objectives

1. Assess personal spending behavior
2. Understand the concept of opportunity cost
3. Evaluate spending choices when it comes to personal wants versus needs

Duration

1 hour

Level

- ☑ Beginner
- ☐ Intermediate
- ☐ Advanced

Materials /Resources

- Speakers and the song "If I Had a Million Dollars" by Ed Robertson and Steve Page
- Participants activity sheet

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Activity 3: Calculating rate of return

Descriptions - Activity steps

Prepare the materials: Print copies of materials for each participant, or prepare them to access electronically; make sure participant have access to calculators.

Start the activity: Ask participants whether they think all investments will earn the same amount of profit and to share the reason for their answer. Ask participants why it's important to track how well an investment is doing. Explain that calculating rate of return can help them determine how well their investment is making money. Read the "Exploring key financial concepts" section. Be sure participants understand key vocabulary. Distribute the "Calculating rate of return" worksheet and ask them to calculate rate of return on several financial and non-financial investments using the formula on their worksheets.
Explain that while they use the investment's purchase price to calculate rate of return, the actual rate of return would also involve adding all the costs related to an investment, such as mortgage interest for a house, to the purchase price.

Participants can work in pairs, but they should complete their own worksheet. Once participants finish the calculations, they'll complete a "quick write" tasks. Give them 8–10 minutes to choose and respond to one of the three open-ended prompts about investing appear in the worksheet.

Round-table discussion: End the activity with a round-table discussion where participants can justify their initial choice and the changes they made. This will help them reflect on their decisions and share the knowledge they have acquired with others. Encourage participants to ask questions and engage in a constructive discussion.

Wrap up: Finally, wrap up the activity by summarizing the key takeaways and providing participants with additional resources for learning such as videos and activities.

Debriefing questions

01

What is rate of return?

02

How does rate of return help you determine how well investments have performed?

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Activity 3: Calculating rate of return

Descriptions - Activity steps

An investment's value can rise and fall over time — you could lose some or all of your money.
The rate of return is the profit or loss on an investment expressed as a percentage. You can calculate rate of return on typical financial investments (such as stocks and bonds) as well as non- financial investments, such as works of art, vintage cars, or otheritems. Calculating the rate of return can help you see how your investment is performing and compare it with other investments.
To calculate rate of return, use this simple formula with two variables:

Rate of return = (Net profit or loss / initial investment) x 100

- Net profit or loss: The amount of money you gained or lost from the investment
- Initial investment: The amount you originally invested

After finishing the relevant table proceed with the following Writing prompts:
Choose one of the following writing prompts to respond to for this "quick write" task. Your teacher will tell you when to start writing. Write in the space below. Keep writing until your teacher says "stop."

1. People are often tempted to invest in "get rich quick" schemes. Why might an investor be tempted to do that despite the risks?
2. What types of investments are you most likely to make in your own life? Why do you think these investments would help you reach your goals?
3. Some people don't invest because it may seem too complicated or they may be afraid of losing money. How would you convince someone that investing is a valuable strategy to help them meet their financial goals?

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Activity 3: Calculating rate of return

Descriptions - Activity steps

Financial investments

Initial investment	Current value	Net profit or loss	Rate of return
You put €10,000 in a mutual fund.	The investment grew in value to €10,500.		%
You bought government-issued bonds for €8,800.	The bonds are now worth €10,000.		%
You put €15,000 in a money market deposit account.	The account is now worth €15,800.		%
You bought €1,000 worth of cryptocurrency.	The cryptocurrency is now worth €1,070.		%
You bought 10 shares of stock for €12.50 each.	You held the shares for many years and then sold the shares for €27.15 each for a current total value of €271.50.		%

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Activity 3: Calculating rate of return

Descriptions - Activity steps

Non-financial investments

Initial investment	Current value	Net profit or loss	Rate of return
You bought a house for €75,000 and spent €35,000 on renovations	You owned the house for five years and then sold the house for €160,000.		%
Your grandfather sold you his 1964 classiccar for 2,200, the price he paid for it. You spent €10,000 to restore it.	You sold the car for €20,000		%
You bought a painting at a garage sale for €20. You learned it was done by a popular local artist	You sold the painting for €1,000		%
You bought a limited edition pair of sneakers for €300.	You sold the unworn sneakers to a collector for €500.		%
Your aunt bought 100 collectible stuffed animals for €5 each while she was a teenager, when the toys were popular.	Ten years later, she sold her collection to a neighborfor €100		%

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ACTIVITY 4: PLAYING AN INVESTMENT GAME

Learning Objectives

1. Learn how various factors or events can affect stock prices
2. Understand the importance of considering risk when making investment decisions

Duration

2 hours

Level

- [ ] Beginner
- [x] Intermediate
- [ ] Advanced

Materials /Resources

- TEACHER GUIDE
  Playing an investment game (guide)
- STUDENT MATERIALS
  Playing an investment game (worksheet)
- SCENARIOS (from the stock scenarios section of this guide)

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Descriptions - Activity steps

Investigate: Financial Resources and Recordkeeping

1. Open the class by asking participants what possessions they value most. Is it their bike? Comic book or video game collections? Invite volunteers to describe their most valuable possessions and where they're stored for safe keeping, whetherit's under the bed or in a locked drawer or safe. Also ask how their possessions are organized: Are books organized alphabetically or by subject category? Or are they jumbled together in no particular order?

2. Explain that just as it's important to securely store valued possessions, so should your personal financial records be well-organized and stored safely —things like outstanding bills and payment receipts, bank and credit card statements, paystubs and other job-related paperwork, insurance policies, car loan documents—anything that has a financial component.

3. Stress the need for taking extra care to protect certain other important documents that contain confidential personal information such as their Social Security card, driver's license, passport, credit and debit cards and health insurance card. Ask participants where they keep important documents like these and discuss with the class whether they are taking enough precautions to keep their personal information safe. Remind them of the potential downsides of having this information lost or stolen.

4. Remind participants that by properly cataloging and storing their financial and legal paperwork, they'll save a lot of time and anxiety when it comes to budgeting, tracking spending, paying bills, filing taxes—even gathering the information they'll need to apply for college and financial aid. Quick access to important account information also makes it easier to contact banks or other institutions in the event of an emergency, like a stolen wallet or lost ATM card.

5. Ask participants how long they think financial paperwork should be retained before it can safely be tossed. Let them know that many financial records should be kept for at least seven years in case of an income tax audit down the road. Some documents should be retained indefinitely, including mortgage and car loan documentation, records showing stock and mutual fund purchases, and personal documents like birth certificates, passports and Social Security cards.

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Descriptions - Activity steps

6. Remind participants that there are many systems for organizing financial paperwork. Many people maintain file folders in which they store hard copies of important documents. One good system is to keep a single folder for unpaid bills; once they've been paid, file the receipt in that company's or subject's folder (for example, have separate files for utilities, credit cards, bank accounts, health insurance, car insurance, etc.) Tell participants that they can also store financial records digitally, to save space.
However, stress that they should also keep a backup of their digital files on a flash drive, external hard drive or some other storage method, in case their computer crashes.

7. Distribute the My Recordkeeping Plan activity sheet and give participants 10 minutes to fill in their account information and where they plan to keep their important financial records. If needed, they can fill in any remaining addresses or contact information at home. Let participants know that it's also important to maintain a schedule with bill due dates and to regularly review all budgets and incoming statements for accuracy. When will they review their paperwork? Monthly? Weekly? On the activity sheet, have participants record the days when they usually receive their paychecks or allowance, and the dates when any bills they have are due.

Participants Preparation: Choosing Tools for the Job

8. Next, remind participants that there are many free and low-cost tools for tracking and managing their finances, including telephone banking, online budgeting tools (spreadsheets, calculators), tax preparation software and more. Give participants ten minutes to explore the following websites and the kinds of tools they offer, including budgeting spreadsheets, investment calculators, tools for tracking and categorizing tax deductions, etc. Ask them to indicate on their activity sheets which, if any, tools they would like to use in order to keep their finances organized: Quicken, Mint.com, Yodlee, Mvelopes.

Quicken **Mint.com** **Yodlee** **Mvelopes**

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Activity 4: The Tools to Build Your Financial Dream

Descriptions - Activity steps

Challenge: Financial Advisors

9. Ask participants to think about their school counselor or advisor. What is their job? What advice do they give ? Introduce the concept of working with a personal financial advisor. Explain that like having a school counselor who helps and guides participants on classes, homework and goals, many people who need to start setting long-term financial goals seek the assistance of a professional financial advisor. Financial advisors offer guidance on things like:

- Determining long-term financial goals (like college, home ownership, family, retirement) and how to meet those goals.
- Advice on investing your money, including determining your tolerance for risk (low-risk savings options like savings accounts have less potential for growth and keeping up with inflation).
- Strategies for getting out of debt.
- Changing financial goals as your family situation changes (for example, marriage, divorce, birth of a child, new job or layoff).
- Structuring savings and investments tax-effectively. Estate planning.

Debriefing questions

01
How can I use the tools available to reach my financial goals?

02
Why book keeping is essential?

03
What does a financial advisor?

Extention Idea

If the participants have tablets or smartphones, encourage them to check out the Mint.com app featured on the Quicken.com website. They can also visit TurboTax to see examples of how their tools can help youth organize financial data for their taxes

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Activity 4: The Tools to Build Your Financial Dream

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My Recordkeeping Plan

Record keeping is no fun, but compared to tearing the house apart looking for a paystub or your bank's contact information, it's a small price to pay. Knowing how long records should be kept and coming up with a system for saving bills and papers is also an important aspect of staying on top of your finances. Fill in the information about your accounts, payment schedule and record keeping plan below. Then keep the form with your records at home, updating it when any account or payment information changes. Important: Leave blank any personal information that should not be shared publicly - account numbers, Social Security or driver's license numbers, etc

1. What is the name and contact information for your bank? ________________
2. What are the names and contact information for any other accounts you have, such as a cell phone account or car loan? _____
3. Where will you keep the following records? Indicate where you plan to store hard copies or online records of each item.
   Paystubs and W-2 form: _____
   Bank statements: _____
   Where will you keep other accountstatements (phone, car insurance etc.): _____
   Where will you keep your Social Security card, passport or other items: _____
   Budget and receipts:: _____
4. Knowing when your bills are due and having a set time when you will review your budget, spending, and account statements for errors is also key. Indicate whichdays of the month you plan to do the following:
   Pay monthly bills (phone, bus pass etc.): _____
   Receive your paycheck or allowance: _____
   Review bank and other statements for errors: _____
   Compare your spending to your budget and adjust your budget as needed: _____
5. There are many online tools and resources that can help you keep on top of your financial records. Spend 5 minutes researching the resources available at the following websites to help determine whether any would be helpful to you.
   - Quicken.com
   - Mint.com
   - Yodlee.com
   - Mvelopes.com

As you organize your records and work toward your financial goals, which online tools will you use to manage your finances? ____

MODULE 7

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ACTIVITY 5: CALCULATING RATE OF RETURN

Learning Objectives

1 Understand how rate of return helps measure investments' performance

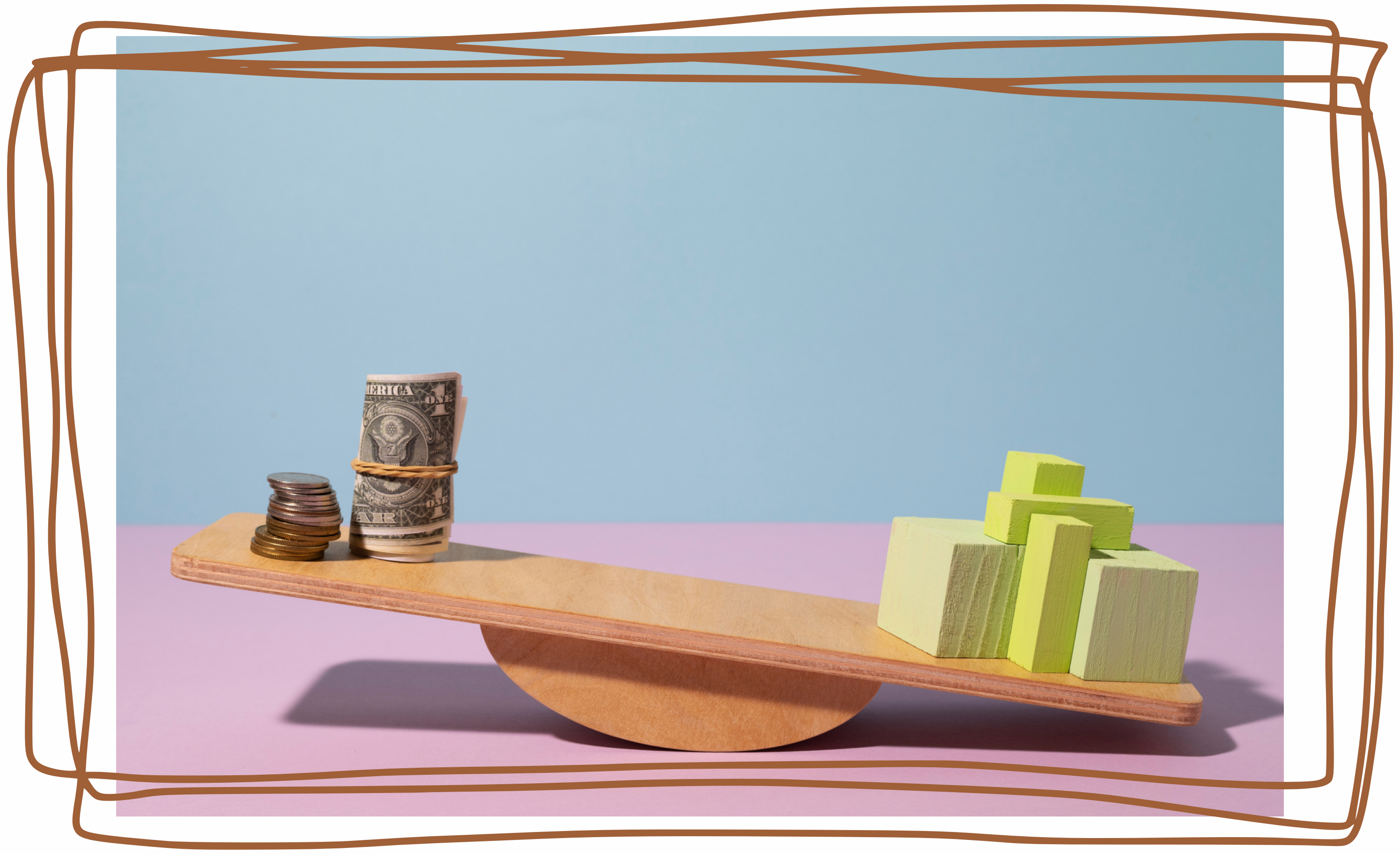
2 Use a simple rate of return formula to calculate investments' gains or losses

Duration

1 hour

Level

- ☐ Beginner
- ☑ Intermediate
- ☐ Advanced



Materials /Resources

- Calculating rate of return (Guide & Worksheet)
- Calculators

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Activity 5: Sharpening Money Decisions

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Descriptions - Activity steps

Start the activity: Begin by playing the song "If I had a Million Dollars" as particip arrive to class. Write the figure $1,000,000 on the board, and ask participants what they would do if they had a million dollars.
Have participants write in their notebooks about how they would spend the money. Next, invite volunteers to share their answers, recording their ideas on the board. Explain that the lesson is all about spending responsibly, whether you have a million bucks or ten. Ask participants: What is the difference between a want and a need? Invite volunteers to share their ideas. Remind them that needs are items we must have to survive (food, shelter, clothing), while wants are things that are nice to have, but not really necessary. Next, tell participants they are going to organize their million-dollar purchases, separating the wants from the needs. Read each purchase from the board and ask them to raise their hands if they believe the purchase is a "want" or a "need." There will likely be some disagreement among participants. Use them as an opportunity to debate the differences between a want and a need, and how our values are linked to the purchases we make. Explain that distinguishing between wants and needs also means evaluating all options before making a purchase. Ask small groups to discuss the following scenario over five minutes: You have €200 and you can either buy a video game console or a digital camera. Which do you buy and why? Why can't you buy them both? Invite groups to share their reasoning. Explain that whenever we make a spending decision, choosing one option affects whether or not we can make the other choice. Tell participants this is called opportunity cost. Distribute the activity sheet Wishful Wants or Necessary Needs? and explain that they will now get to evaluate the needs and wants at play in several different examples. Working in groups of four to five, participants should determine the wants and needs in each scenario and justify their reasoning. Invite groups to present their findings to the class, and then discuss why certain expenses are wants while others are needs.

Wrap up: Finally, wrap up the activity by summarizing the key takeaways and providing participants with additional resources for learning relevant videos and additional activities in order to encourage them to continue learning and practicing their skills.

Debriefing questions

01
How can I spend my money responsibly?

02
What is the difference between a want and a need?

03
Would they spend the money in the same way? Why or why not?

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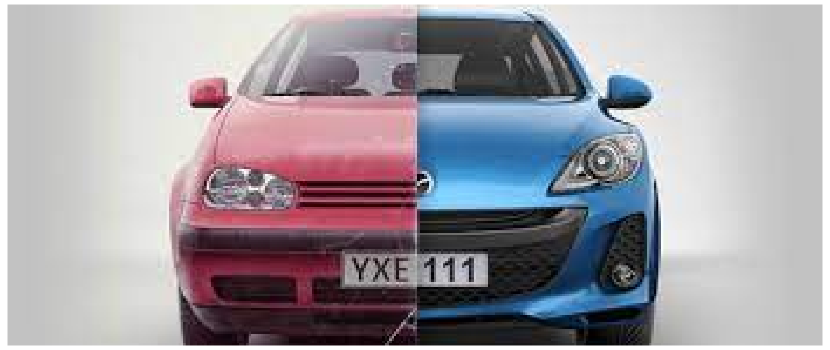
Case Studies

Case Study 1

Casey is preparing to leave for college in the fall. She lives in New York, but will be going to school in California, so she is planning on buying a car to get her there. She wants to buy something reliable, so she is decidingbetween a new car that will cost $17,000 with zero miles and a navigation system and a three-year-old car with 7,000 miles and no navigation system for $12,000.She has $10,000 in savings that she will use for the purchase and she'll take out a loan for the remaining amount.



What are the wants?

What are the needs?

What decision would you make and why?

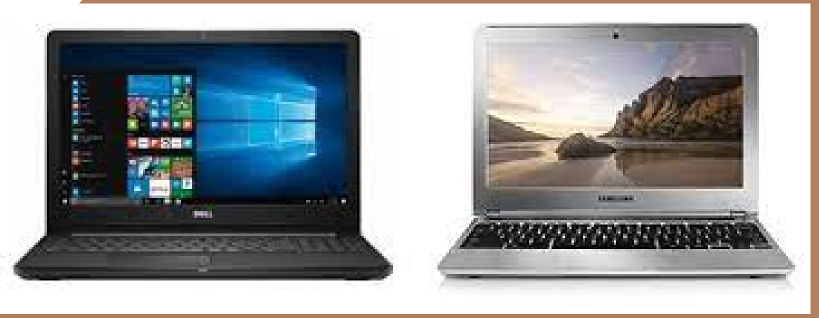
Case Study 2

Tom has been saving for a new laptop for the past six months. He's done his research and found a model that experts say will more than meet his needs. But new, it costs $3,000. He also found a refurbished version of the same computerwith all of the same features online for $1,500. The refurbished laptop comes with a warrantyand Tom bought a refurbished portable music player from the same companywith no problems. Tom's third option is a brand new laptop that costs $1,800 and has all of the features he needs but not all of the ones he wants.

What are the wants?

Whatare the needs?

Whatdecision would you make and why?



Activity 5: Sharpening Money Decisions

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Case Studies

Case Study 3:
Stephanie received $500 from her grandparents for her high school graduation. She's been longing to buy a new watch and update her wardrobe because she's starting a new job in two weeks, but next month she's moving out on her own and will need to pay three months rent in advance, which totals $1,500. If she uses the money to buy the watch and clothes, she thinks she can save enough money from her new job to pay for rent, but she's not sure.

What are the wants?

What are the needs?

What decision would you make and why?

Case Study 4:
Michelle's been invited to go to a three-day concert with her friends. The only catch is that it's a 9-hour drive, and traveling for an entire weekend means she'll need lots of cash. She estimates that gas, food, tickets and camping will cost around $400. She has a car payment of $250 coming up and her $89 cell phone bill is due at the end of the month. She also needs to buy her mom a birthday gift, which she thinks will cost $50. She has $700 in savings.

What are the wants?

What are the needs?

What decision would you make and why?

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Case Studies - Answers

Activity 5: Sharpening Money Decisions

Case Study 1:

Casey needs a car to move her belongings across the country,but a brand-new car that will put her $7,000 in debt is a want. The best decision in this case is to select the used model. Even though it may not have all the bells and whistles of a new car, it is still reliable with low miles and it meets Casey's needs.

Case Study 2:

Tom has done a good job of researching all of his options. He needs a new laptop, but the expensive model is a want. He's discovered that he can meet both his needs and his wants by purchasing a refurbished version.Since the refurbished model carries a warranty and Tom has had a good experience with the companyin the past, he should go ahead and buy the refurbished computer.

Case Study 3:

Rent money is the primary need, while the new watch and clothes are wants. While Stephaniemay want to buy a new watch and clothes,she needs to pay rent first before making other purchases.

Case Study 4:

Michelle should take care of her bills first, and then decide if she wants to spend less on her mother's gift in order to afford the concert, or skip the concert and put the money into her savings account. Help participants see that our values are closely linked to the decisions we make about money. If Michelle values giving her mother a gift, she may want to sacrifice the concert to be able to afford a nice gift.

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FLY PLAYBOOK

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