

GEAR UP: Money Skills for Real Life

Target Audience: Students in the GEAR UP Program

Audience Profile

Teenagers have one of the highest percentages of disposable income of all groups in the United States. According to the Chicago-based Teenage Research Unlimited (TRU), in recent years, teens have spent about \$200 billion of their own money annually; over the past 10 years, they've spent \$1.65 trillion. Unfortunately, with this significant purchasing power come few skills for handling money. Two-thirds of high school students lack basic money skills and are ill-informed about credit, saving and budgeting, according to a study by the National Council on Economic Education. And few will learn these skills in high school: Only Utah, Missouri, and Tennessee require students to have any personal finance education before graduating, while just 17 other states require financial skills to be covered in any way, for instance in subjects like economics, social studies, or math.

To have both tremendous economic force and little or no knowledge about how to spend or save wisely can be a disastrous combination for teens as they approach major financial decisions, including living on their own for the first time, choosing an educational option to fit the lives they want, and financing that education.

Studies show that teens in the lower economic strata of society are at an even greater disadvantage in developing money skills. Margaret Johns, a consumer science advisor at the University of California, notes that low-income families have less disposable income to begin with and tend to access high-interest consumer credit in the form of payday loans and rent-to-own services, further decreasing their limited resources. Teens in these circumstances, says Johns, are less likely to acquire the skills necessary to manage money, make good financial choices, and set goals, including going to college. Instead, they may make costly mistakes, develop bad habits for handling money, and become vulnerable to money scams and fraud.

Money Skills for Real Life is part of the federal GEAR UP program, which is designed to bring more low-income students into college. Approved by Congress in 1998, GEAR UP works to improve student achievement and success through early outreach strategies such as academic support, information about post-secondary education and financial aid, scholarships, and counseling services. Money Skills for Real Life was created for GEAR UP students by the National Endowment for Financial Education (NEFE) in conjunction with the National Council for Community Education Partnerships (NCCEP).

Targeting GEAR UP middle- and high-school students, Money Skills for Real Life teaches them how to make smarter financial decisions and helps them reflect on the multiple benefits of getting a college education. The purpose of the program, which consists of a series of 35 activities supported by an extensive website, is to get teens to:

- consider their own money habits, circumstances, and knowledge
- learn about money and how finances can help or hinder them, and,
- begin to create a strong financial foundation for the lives they want.

The program's format is designed to pique teens' interest in personal finance by relating it to their own desires, experience, and concerns.

Program Overview

This one-hour program created by the National Endowment for Financial Education will train teachers, counselors, and administrators to present the Money Skills for Real Life course. Participants will assess their own money skills, complete three of the 35 student exercises, get an overview of the website, and learn about an interactive PowerPoint quiz based on the game show “Jeopardy.” The workshop objectives are to:

- Raise awareness of how financial education can enable students in the GEAR UP program to succeed
- Address the obstacles teachers, counselors, and administrators may face in delivering personal finance education to students
- Provide a basic personal finance framework of knowledge and skills for their own lives, and,
- Introduce additional resources and upcoming projects that address the need for financial education.

Facilitator’s Preparation:

- ▶ Review the **Facilitator’s Guide**, which lists the 35 activities that make up the Money Skills for Real Life program.
- ▶ Review the three activities from the **Guide** that you will present today.
- ▶ Review the PowerPoint for this presentation
- ▶ Review the **Money Skills for Real Life** website www.gearup-moneyskills.org/
- ▶ Review the **Interactive Game** (MSFRL-IG#35-Interactive PowerPoint Game Slides)
- ▶ Review this guide and complete your own set of the accompanying worksheets
- ▶ Review the suggested length for each topic noted as (10) or (15) and so on. This session is designed to be 1 hour from **Welcome to Wrap**.
- ▶ Think about your own money management behavior and your financial education growing up, as well as challenges you had as a young adult. Do you set financial goals and work steadily toward achieving those goals? Do you ever get off track?
- ▶ Consider your views on debt and saving. Have you ever been in debt? Did you figure out a plan to reduce your debt? How has saving figured in your life? Did it allow you to buy or pursue things you really wanted? Are there some money management lessons learned from your own experiences that may be helpful to share?
- ▶ Consider that when it comes to talking about money, sharing your own successes and challenges may be more engaging and effective than appearing to lecture.

Materials Needed:

- ✓ Flip chart and easel or marker board, and markers
- ✓ Pencils for participants
- ✓ Copies of the **Plugging the Leaks** worksheet
- ✓ Copies of the **How to Become a Millionaire** worksheet
- ✓ Copies of the **Financial Scavenger Hunt** worksheet
- ✓ The PowerPoint for the workshop
- ✓ Copies of **NEFE’s corporate brochure**
- ✓ Copies of the **GEAR UP brochure**

How to Facilitate this Session

Welcome

(5)

Introduce yourself and express your pleasure in sharing personal finance education that can help GEAR UP students create the lives they want. Be sure to interject your own passions and reasons for being involved with this work, and why you believe it is so important for our young people to have these skills. Hand out ***NEFE's corporate brochure*** and briefly mention what NEFE is.

- ▶ If the group is fewer than 15, go around the room and have participants introduce themselves very briefly, stating what they hope to get out of this session. If the group is larger than 15, have people introduce themselves to each other in groups of 3 or 4 and then ask a few groups to share what they hope to learn. If there's time, write their responses on chart paper to refer to at various times throughout the session.
- ▶ Share the program objectives and tie these to the list of learning goals. Explain that much of what you're going to talk about today is discussed in their binders and that you will periodically refer to specific pages they may want to consult. Encourage them to read through the complete booklet at a later date and keep it handy as a resource tool.

?Ask participants how many have a savings or checking account, how many have a credit card, how many own stock, and how many are interested in money.

- ▶ Explain to participants that you will now walk them through three of the activities from the Money Skills for Real Life guide that will assist them in teaching the curriculum.
- ▶ Tell participants that to take charge of their finances they need to know the "favorable winds" on their voyage through life, which means they need to understand a little about savings, investment, and compound interest.

How to Become a Millionaire

(15)

Explain that, through this exercise, participants will understand the relationship between time and the growth of money, appreciate the awesome power of compound interest, and recognize the possibility of becoming millionaires.

- ▶ Distribute the ***How to Become a Millionaire*** worksheets.
- ▶ Review the directions. Ask participants to pair off and fill in their best guesses for the right answers.
- ▶ Give them a few minutes to complete their guesses and then share the actual answers with them.

- ▶ Lead a group discussion of the meaning of the table, which shows the time needed to save \$1 million. Demonstrate that compound interest can also work against them as debt. Ask for predictions as you advance slide by slide.
- ▶ Once you have completed both the savings and the debt implications of compound interest, ask each person to write a short statement they could use to explain what it takes to become a millionaire.

?Ask participants to read their short statements.

- ▶ Refer participants to pages 34-35 of the Facilitator’s Guide for instructions on how to conduct this activity with their students.

?Ask participants: If compound interest is so powerful, especially for young adults, why don’t more people save money?

?Ask participants: How do spending leaks affect your chances of becoming a millionaire? What are the long-term costs of those leaks? What are the long term benefits of plugging them? Use this as a transition to the next exercise.

Plugging the Leaks

(10)

Explain to participants that they will identify their own spending leaks and learn ways to reduce spending by listening to the experiences of others. Try to run the exercise as you would with a group of students, so the participants are “in the activity.” Once they have generated their own spending leaks ask them to step out of the activity and imagine how their students might answer the questions.

?Ask participants how many of them believe they have good money-management skills.

- ▶ Define the terms:
 - Frugality – Being thrifty and conscious of spending habits to avoid unnecessary expenses
 - Spending leaks – Small household expenses that don’t cost much individually but add up over time
 - Wants – Something that is nice to have but not necessary to survive (e.g., entertainment expenses and snacks)
- ▶ Distribute the ***Plugging the Leaks*** worksheet. Review the instructions and ask participants to pair up and complete it.
- ▶ Give them a few minutes to tally their spending leaks, then lead them through a discussion of various items on those lists.
- ▶ Record participant responses on a flipchart using two columns: one for each item and one for its cost. As a new item is added, estimate the amount per month that the “leak” it causes. Total the column after several people have suggested items.

?Ask participants: What are some spending leaks that you have in common? Why do you think it is so easy to spend money on these items? Have you ever had a past spending leak and plugged it? How? What are some of your more frugal habits? On what items are you tempted to overspend?

?Ask participants how they think this applies to students. What might their most common leaks be? How might they respond to this activity?

- ▶ Refer participants to pages 28-29 of the Facilitator's Guide for instructions on how to conduct this activity with their students.
- ▶ As a transition to the next activity, explain that while plugging leaks is important, it's also important to know how to protect financial resources.

Financial Scavenger Hunt

(10)

Tell participants this is a good moment to discover ways to keep their money safe, now that they have a better sense of their own skills and the possibilities for growing their money.

- ▶ Distribute the ***Financial Scavenger Hunt*** worksheets.
- ▶ Have participants individually review the list of items on the list and add up their scores. Ask them to pair up with another participant, discuss their scores, and review the items they have in common. The team with the least amount of points wins.

?Ask participants:

What are the dangers of carrying around a credit card? (Potential answers: overspending, identity theft)

What is the danger of carrying around passwords, PIN numbers, paycheck stubs, deposit slips, and anything that shows your Social Security number? (It could lead to unauthorized access to your information or accounts and identity theft.)

Do you use coupons to save money? At what merchants and for what products? (Some suggestions: Buy the Entertainment book, keep a ziplock bag of coupons under the car seat, use several Bed Bath and Beyond coupons at once)

Do you have \$2 or more in loose change? How much money would you have in a month if you saved all your loose change? (Answers will vary from \$20 to \$100.)

?Ask participants: What do you think of this activity? Is this something you can teach your students? Is this a good way to introduce students to the issue of identity theft?

- ▶ Refer participants to pages 7-8 of the Facilitator’s Guide for instructions on how to conduct this activity with their students.

Interactive Quiz Game

(5) Walk the participants through the facilitator guide and highlight the key concepts they’ll see in the ***Interactive Quiz***, which is patterned in the answer/question format of the game show “Jeopardy.” Tell them to allow about 30 minutes when they run the exercise with their students.

- ▶ Refer participants to pages 78-79 of the Facilitator’s Guide for instructions on how to conduct this activity with their students.

Website Overview

(10)

Note that the website complements the program’s 35 exercises, operating as a reference during and after the program, as well as a source for ongoing financial education. Explain how its in-depth information on financial issues can help teens make decisions about education, careers, and financial goals.

- ▶ Share the structure of the site with participants, noting how resources are organized under four headings:
 - 1) My Choices, which assesses teens’ knowledge of money and plans for the future
 - 2) My Money, which covers earning, saving, spending, banking, and debt
 - 3) My Education, which shows teens the ramifications of their educational choices, and,
 - 4) My Future, which helps teens use all of this information to make major life decisions.
- ▶ Note that information is keyed to thoughts and feelings that teens often express themselves, such as, “Right now, all I want is a car,” which leads to an exercise that works out all the costs associated with owning a car.
- ▶ Discuss how the Money Skills for Real Life activities introduce various money-related issues to teens, who can then find more information on the website when they want to learn more about a particular topic. The site includes:
 1. Typical teen questions and statements that lead them to in-depth answers
 2. Activities that increase their knowledge and understanding of finances
 3. Advice that helps them with career and education choices
 4. Quizzes that reinforce what they’ve learned, and,
 5. Comparison charts that allow them to see both their options and the outcomes of their choices.

Wrap

(5) Remind the participants of the overall purpose of the session, and return to the list of learning goals they named at the outset. Ask them to reflect

on both of those lists and comment on where they stand now after some experience with the curriculum. Talk about how financial education is more essential to a student's success than ever, given the current high rates of foreclosure, rising debt, and the doom and gloom on Wall Street. Remind them of the resources available to them through NEFE, and the tools that they have at their disposal in the guide and the website.

- ▶ Distribute the **GEAR UP brochure**.
- ▶ Explain that NEFE has worked with NCCEP for three years to develop website content designed for middle-school, high-school and pre-college students. Participants can find the site at: www.gearup-moneyskills.org/ or in the description of the Money Skills for Real Life program (with the NEFE logo) at the bottom of the www.edpartnerships.com home page.
- ▶ Explain that they can evaluate what students have learned in the Money Skills for Real Life program by using a NEFE assessment tool that offers:
 - Pretests and Final Tests
 - Test Keys
 - Pretests and Final Test Report forms, and,
 - Participant Evaluations.Tell them if they give you a business card, you will mail them a copy.
- ▶ Close by reiterating your passion and vision for this work, and encourage them to teach it with a sense of purpose.
- ▶ Ask the participants to complete the evaluation form, encouraging them to offer any and all feedback as a tool for helping to improve future sessions. Remind them that those who turn in an evaluation form will get an iTunes card.
- ▶ Identify yourself as being with the National Endowment for Financial Education (NEFE), a Denver-based foundation dedicated to empowering Americans with money management skills so they can live a better life.

10 Activity **Plugging the Leaks**

Instructions: Use this worksheet to identify your spending leaks. Write each "leak" in the holes on the side of the boat. Pair up with a partner and discuss each other's spending leaks.



Money Skills for Real Life Facilitator's Guide


Activity

10 How to Become a Millionaire

Directions: Study the table below and write a one-sentence “elevator statement” in the space on the elevator to describe its meaning. (**Hint:** What is the relationship between time and monthly savings?)

| Save \$1 Million by Age 70 Annual Return: 8% Tax Deferred | |
|--|--------------------|
| Age | Monthly Investment |
| 17 | \$100 |
| 20 | \$126 |
| 30 | \$286 |
| 40 | \$671 |
| 50 | \$1,698 |
| 60 | \$5,466 |

| 17 | 20 | 30 | 40 | 50 | 60 |
|----|----|----|----|----|----|
| | | | | | |



Money Skills for Real Life Facilitator's Guide

Activity 10 Financial Scavenger Hunt

Directions: Give yourself one point for each of the following items if you have them in your possession (for example, in a wallet, purse or pocket). Add up your total score at the bottom (maximum 21 points).

- | | |
|---|---|
| _____ Credit card (yours or a parent's) | _____ Any type of money-saving coupon (for example, |
| _____ Student ID card | from a store or restaurant) |
| _____ \$5 bill | _____ Car keys |
| _____ Change (coins) totaling \$2 or more | _____ Flash drive for a computer |
| _____ Original Social Security card | _____ Cell phone |
| _____ Picture of a close relative | _____ Driver's license |
| _____ Computer password | _____ Kleenex |
| _____ Bank ATM (automatic teller machine) | _____ Membership card (any organization) |
| _____ PIN number | _____ Food (any type) |
| _____ Library card | |
| _____ Paycheck stub | |
| _____ Bank or credit union account deposit slip | |

_____ Your score