

# Money Matters

A black and white illustration of a money bag with a drawstring top, tied at the top. Several coins are scattered on the ground in front of the bag. The bag is shaded with a stippled effect.

**A Mini-Micropedia  
Activities for Real Life Learning**

by

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# ***MONEY MATTERS***

## ***ACTIVITIES for "REAL LIFE" LEARNING***

These experiences are designed to go along with ***MONEY MATTERS- A Mini-Micropedia***.<sup>\*</sup> The sheets are designed to be used:

- with the *Money Matters - Mini-Micropedia* to apply and practice the knowledge offered in the book
- with *I CAN DO IT! A Micropedia of Living On You Own*
- by themselves as appropriate to the teacher and the learner.

**THESE MATERIALS ARE TO BE USED FOR EDUCATIONAL PURPOSES ONLY. THEY SHOULD BE REPRODUCED IN ONLY ONE SCHOOL OR EDUCATIONAL SETTING.**

**It is especially meaningful to allow the mini-micropedias to go with the "students" after their training. In this way they can look up what they need to know when they need it.**

### **LEVELS OF LEARNING**

The experiences are designed for three different levels of understanding needed when making a financial plan.

1. **MINIMAL:** This is for very basic knowledge needed. It includes: goal setting, needs/wants, values, shopping terms, comparison shopping, money transactions, take-home pay, monthly budgeting.
2. **INTERMEDIATE:** This is for further knowledge and includes: sales resistance, consumer fraud, unit pricing, bill payment processes, checking and savings accounts, banking transactions, balancing checkbooks, savings process.
3. **ADEQUATE:** This unit offers more comprehensive knowledge needed. Included are: insurance, consumer complaints, credit, loans, budgets for emergencies and seasonal bills, income taxes.

### **ADDED SUGGESTIONS FOR LEARNING**

**The cover sheet for each level has additional ideas for teaching. These are added to enrich the learning and to apply the knowledge learned in different ways. They will expand the knowledge through real applications. This will be especially meaningful for different types of learners.**

### **TESTS ARE INCLUDED**

If you need to know where the learner's knowledge level is before training, pre-tests are included. They are in the form of oral tests. There are also post-tests that can help evaluate what was learned.

<sup>\*</sup> "Money Matters- A Mini-Micropedia" is taken from appropriate chapters of "I CAN DO IT! A Micropedia of Living On Your Own" by Marian B. Latzko M.S. Copyright 1996 Revised 2000 for its fourth edition.

# ***MONEY MATTERS***

## ***Activities for “Real Life” Learning***

**(level 1, MINIMAL)**

**These experiences are designed for minimal knowledge needed for managing money.**

- Persons teaching money management can use *MONEY MATTERS A Mini-Micropedia* along with these learning experiences.
- The learning experiences can be used with the *Mini-Micropedia, I CAN DO IT! A Micropedia of Living On Your Own*, or by themselves.
- There is an oral pretest and an objective post test included.

**The objectives of this unit are to:**

1. Set personal goals and understand the value of making a money plan to reach the goals
2. Understand the cost of supporting self
3. Recognize how wants (luxuries), needs (necessities), and personal values affect purchases made
4. Comprehend basic shopping terms and coupon use
5. Understand gross wages, deductions, and take-home pay
6. Know the differences between values of coins and currency and can use calculator to figure costs
7. Create a personal “envelope budgeting” method.

### **Suggested Added Learning Experiences**

**(These can be used according to the capability of the learner and the amount of time available.)**

1. Interview people at different stages of life for budgeting advice.
2. Keep track of one week’s purchases. Describe factors influencing the choice and the consequences. (Can make a poster or write analysis.)
3. Collect pictures showing evidences of life style choices (i.e. housing, transportation, health, education, cultural pursuits, energy use, etc.) Consider costs of these choices.
4. Role play a class reunion to visualize what people want to be like in 10 or 20 years.
5. Read a biography or view a film about a famous person to be admired. Make a chart showing person’s goals, resources used, and barriers that the person overcame.
6. Interview admired persons to find when they were born, how they make a living, how they spend their time, how they accomplished their goals in life. Then compare with own lives for similarities.
7. Consider barriers to reaching goals. Discuss how to overcome these barriers.
8. View a TV program with an older adult and chart values and goals of each character. Discuss: consequences of values shown, value changes through the years. Compare personal values to those shown by characters in the program
9. Create imagined budgets for persons in different life situations (i.e. welfare family, retired, college student, person just starting out, etc.)
10. Visit a grocery store with a shopping list to make choices using unit pricing.
11. Look in newspapers, magazines, and advertisements to find coupons. Evaluate their value.
12. Practice making change as if in a grocery store.
13. Make a grocery list with the help of a newspaper and use a calculator to figure the cost.



## “HI, friend! What’s new? ”

**IMAGINE** what it would be like to meet an old friend ten years from now. What would you have to say to each other? When that friend asks questions about your life, what would you be able to answer?

**THINK ABOUT IT!** Have you kept track of old friends? When did you leave your family/caretaker home? Who are you living with now? Are you married? Do you have children? Where are you living now? What type of housing do you have? What kind of work do you do? What education did you complete? Do you have further career plans? What do you do in your leisure time? Do you participate in any community activities?

**WRITE ANSWERS** to these questions, or draw pictures, to symbolize your life during these next ten years. Include any further information that is important to you.

**NOW** make a list of what you need to do now to achieve this life you vision. Include such things as: training/schooling needed, money needed, help needed, alternatives.

**NOW use this list .** Write three goals you can set for yourself to help you accomplish your imagined life. Write one goal to accomplish in 1-4 weeks (short term goal). Write one goal that can be accomplished in 2-12 months (medium term goal). Write one goal to accomplish in more than one year (long term goal). Here’s a layout example you could copy.

<b>GOAL PLANNING</b>			
Goal: _____	Date to accomplish: _____		
Estimated cost: _____	Money still needed: _____	Weekly amount: _____	
Steps to take to reach my goal:			
Where to get help to reach my goal:			
Further information needed to reach my goal:			
Other ways to accomplish my goal:			

**NOW CONSIDER** why it is important to make a life/money plan to accomplish your goals. In a small group make a list of reasons for creating a money plan. Consider the effects on yourself, family, and community. Share the list with others. Then you can:

1. Create a pamphlet, poster, or advertisement sharing the reasons for budgeting and goal setting.
2. Debate the values of setting personal goals and creating a money plan (budgeting) .

## WHAT DOES IT REALLY COST TO BE ON MY OWN?

Here's a list of normal expenses people have when they support themselves. (Add other things you think are important.) Consider what you think it costs for each item. Write the amount in the space provided. When finished, check to see if your guesses are correct. You may have to make telephone calls, look at newspaper ads, or talk with a teacher or someone who is self supporting to get some idea of real costs.

<b>MONTHLY EXPENSES</b>	
<b><u>Fixed expenses</u></b>	
Savings	\$
Rent	
Car payment	
Auto & Renters' Insurance	
Life & Health Insurance	
<b><u>Flexible expenses</u></b>	
Utilities (gas/electricity)	
Telephone	
Groceries	
Clothing	
Credit card payments	
Church or charities	
Car repairs & maintenance	
Transportation /Public	
Personal items (toiletries, haircuts, etc.)	
Laundry/ dry cleaning	
Education	
Other	
<b><u>Fun expenses</u></b>	
Cable television	
Movies/books/videos/CDs	
Hobbies	
Travel/vacations	
Gifts	
Alcohol/cigarettes	
<b>TOTAL EXPENSES</b>	<b>\$</b>

1. *What surprised you most when you did this exercise?*
2. *What did you learn?*
3. *What kind of job would pay the wages needed for your estimated expenses? How can you find out?*
4. *If you had an income from a job that paid \$ 5.00 per hour, with a take-home pay of \$ 170.00 per week, could you afford the expenses you figured?*

**IT'S POSSIBLE TO LIVE ON A LIMITED INCOME!  
YOU JUST HAVE TO LEARN HOW!**

Want to learn more? See if your final decisions for budget expenditures meet the following averages. According to national midwest averages, single people starting out generally spend the following percentages for budget items: Housing 30-35%, Food 15%, Transportation 16-21%, Health 5%, Clothing 6%, Entertainment 5%, Other things (include: education, reading, tobacco, alcoholic beverages, cash contributions, personal insurance, savings and miscellaneous) 13-23%.

## "But I really need it!"

Figuring out what "real needs" are is difficult. When there is a limited amount of money, the challenge becomes more of a problem. Everyday choices make the difference between being able to pay your bills or not pay your bills. Consider these examples: "My girlfriend wants to go to the big concert. Can I take her and still pay rent if I go?" "Do I buy a car, or take a bus?" "Should I eat out tonight?"

Look at the following items and decide if they are examples of meeting basic needs. Place an "N" in front of the words that meet real "needs" (necessities). Place a "W" in front of the words that meet "wants" (luxuries). When you're done, discuss your decisions with a small group of classmates or friends. Share your final decisions and discussions with others.

stereo	car	refrigerator	guitar	designer clothes
shaver	bed	sodas	computer	washing machine
shoes	phone	truck	house	Nike shoes
soap	food	concert ticket	cigarettes	newspaper
gourmet food	cosmetics	furnace	tuxedo	books

Things to think about or discuss:

1. *Did you find that you disagreed about whether an item is a need or a want?*
2. *What reasons did you have for the difference of opinions?*
3. *Are some items that appear to be physical needs really meeting other needs?*
4. *How can understanding the difference between needs and wants help you to reach your goals?*
5. *Can not knowing the difference between needs and wants become a barrier to reaching goals?*
6. *Give an example of wants and needs differing at different ages.*

## VALUES AFFECT YOUR CHOICES TOO

Values are qualities or principles that are desirable and have worth. Whenever you make a decision, your values are reflected in your choice. Some things you may value are listed below. Check the ones that you value.

religion	caring	hard work	education	arts/beauty	love	sports
winning/excitement	music	truth	fun	leisure	security	
ownership	sharing	family	money	sex	freedom	friends
environment	safety	community	health	prestige	comfort	convenience



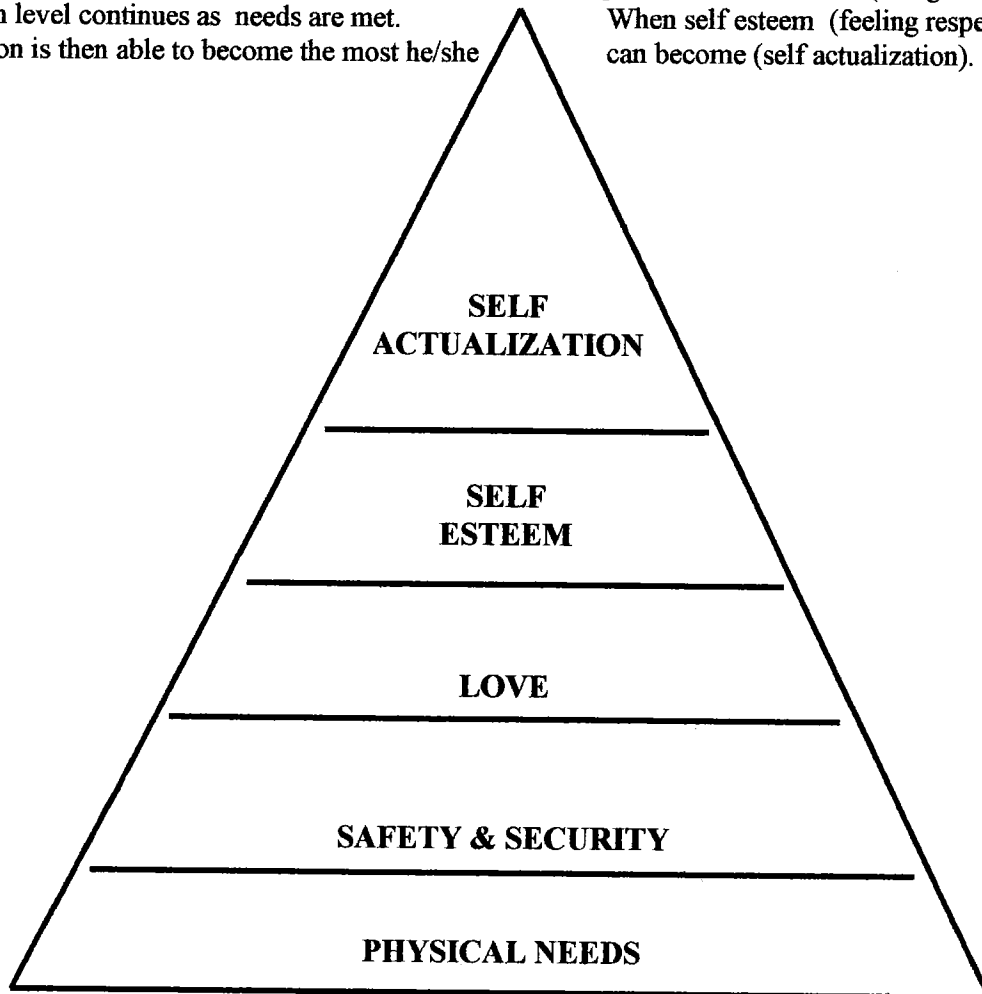
## NOW LOOK AT THE WAY YOU SPENT MONEY THIS WEEK

List things that you spent money on in the last week or two. Place a "W" beside items that were wants and an "N" beside items that were needs. Check if the purchases helped you work toward your goals. Then note the need met.

("W" or "N") ITEM	Helped Goals	Didn't Help Goals	Need met
.....	✓	✓	
.....			
.....			
.....			
.....			
.....			
.....			

## NEEDS AND WANTS ARE DIFFICULT TO SEPARATE!

A. H. Maslow placed human needs into groups in the form of a pyramid. Each section built on the next. First physical needs must be met before safety can be considered (i.e. If a man is hungry, he will risk his safety to get food.) When physical and safety needs are met, love relationships can be considered (being loved and love in return). Each level continues as needs are met. When self esteem (feeling respected by others) is met, a person is then able to become the most he/she can become (self actualization).



**Physical Needs** include: food, sleep, water, shelter and clothing

**Safety and Security** include: being safe from physical harm or injury.

**Love** is a need to be accepted by others, to be loved by another and to be able to return that love.

**Esteem** is the need for respect and admiration.

**Self actualization** is the need to achieve one's full potential (to become the most one can become.)

**Families generally take care of the first three levels. Other levels must be met by the individual.**

**Consider the following groups of items.** What basic need does each item meet? Place each item on the appropriate level of the pyramid. Then discuss your placement with others.

Group # 1	sandals	Nike shoes	oxfords	ballet slippers
Group #2	beans	sodas	water	T-bone steak
Group #3	furnace	air conditioner	umbrella	fireplace

*Discuss or think about::*

1. Did you find that an item might fit on more than one level?
2. What problems or disagreements did you have with your final decisions?
3. Can a person exist if only physical needs are met?

# \$UPER \$LUETH \$CAVENGER HUNT

Ever been on a grocery store scavenger hunt? Here's a list of what you need to find. Fill in the blanks.



Before you go to the grocery store, compare ads in newspapers to see what specials are being offered. Questions to consider: Does more than one store offer the same special? Are prices the same?



Choose one of the grocery stores in which to do your scavenger hunt. Then choose an item from their ad to compare with competitive items when you go shopping.



Cut out one coupon item to compare with other competitive products. Carry the coupons with you.

## NOW GO SHOPPING!

Time I began my hunt \_\_\_\_\_ Time I finished my hunt \_\_\_\_\_

- Coupon item \_\_\_\_\_ Brand name \_\_\_\_\_ Size \_\_\_\_\_ Unit price \_\_\_\_\_  
 Competitive house brand name \_\_\_\_\_ Size \_\_\_\_\_ Unit price \_\_\_\_\_  
 Other brand name \_\_\_\_\_ Size \_\_\_\_\_ Unit price \_\_\_\_\_
- Name of newspaper ad item \_\_\_\_\_ Unit price \_\_\_\_\_  
 Name of an equal product that costs less \_\_\_\_\_ Unit price \_\_\_\_\_  
 Name of an equal product that costs less \_\_\_\_\_ Unit price \_\_\_\_\_
- Brand names of 14.5 oz cans of creamed corn:  
 Generic brand name \_\_\_\_\_ Grade \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Name brand name \_\_\_\_\_ Grade \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 House brand name \_\_\_\_\_ Grade \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Economy brand name \_\_\_\_\_ Grade \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_
- Name of a juice that is 100% juice \_\_\_\_\_ Unit price \_\_\_\_\_  
 Name of a "juice drink" \_\_\_\_\_ %Amount of juice \_\_\_\_\_ Unit price \_\_\_\_\_
- Brand names of packages of corn flakes:  
 Brand name \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Brand name \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Brand name \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Brand name \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_
- Find dates on the following containers:  
 Can of peas \_\_\_\_\_ Loaf of bread \_\_\_\_\_ Hot dogs \_\_\_\_\_ Hamburger \_\_\_\_\_  
 Milk \_\_\_\_\_ Cottage cheese \_\_\_\_\_ Eggs \_\_\_\_\_
- Compare prices on the following foods:  
 1 lb white potatoes \_\_\_\_\_ 1 lb potato chips \_\_\_\_\_ Difference \_\_\_\_\_  
 1 lb frozen chicken breasts \_\_\_\_\_ 1 lb fresh chicken breasts \_\_\_\_\_ Difference \_\_\_\_\_  
 1 lb lean hamburger \_\_\_\_\_ 1 lb extra lean hamburger \_\_\_\_\_ Difference \_\_\_\_\_  
 1 lb apples \_\_\_\_\_ 16 oz can applesauce \_\_\_\_\_ Difference \_\_\_\_\_  
 16oz package of frozen green beans \_\_\_\_\_ 1 lb of fresh green beans \_\_\_\_\_ Difference \_\_\_\_\_  
 1 package of 8 hamburger buns: brand name \_\_\_\_\_ fresh bakery \_\_\_\_\_ Difference \_\_\_\_\_
- Find name of a food sale item that is outdated \_\_\_\_\_

## WHO WON THE SCAVENGER HUNT? Compare & Discuss.



# SUPER SHOPPER Sleuth



A good super shopper should know the language of the stores and advertisers where shopping is done. See if you can find the right answers for the sales terms you can find in ads and stores. Match them! **You get five points for each correct answer.**

## BUYING CLOTHES

- |  |                           |
|--|---------------------------|
| 1. Merchandise sold out of warehouses, usually at lower prices           | a. ___ introductory offer |
| 2. Perfect condition   | b. ___ warehouse sale     |
| 3. More flawed than an irregular   | c. ___ special purchase   |
| 4. Merchandise not normally sold by the store                            | d. ___ samples            |
| 5. Slight flaw   | e. ___ overstock          |
| 6. Regular prices reduced for a limited time                             | f. ___ odd lots           |
| 7. Usually first quality of left-over merchandise after retailers order  | g. ___ clearance          |
| 8. Merchandise that was shown to buyers before their orders were taken   | h. ___ second             |
| 9. Overruns of first quality merchandise left over after retailers order | i. ___ sale               |
| 10. Merchandise that has been returned by customers or retailers         | j. ___ irregular          |
| 11. Limited time price reduction   | k. ___ first quality      |
| 12. Regular store merchandise sold at lower price to reduce stock        | l. ___ returns            |



Sale items may not always be the “best buy”. You’ll find that regular price items can also be checked for the “best buy”. Read the following statements and mark an “F” in front of those that you think are false and a “T” in front of those you think are true. **You get five points for each correct answer.**

13. \_\_\_ There are freshness codes written on such products as milk, eggs, luncheon meats. These items are often put on sale as they are getting outdated.
14. \_\_\_ Unit pricing, printed on the edge of grocery shelves, helps consumers judge quality of products on sale.
15. \_\_\_ When buying fruit juices, it is wise to compare labels.
16. \_\_\_ When a store advertises its sales items as the lowest prices in town, it is best to check the statement.
17. \_\_\_ If you weigh food in the produce section, you should see that the scale is set at zero to start.
18. \_\_\_ Prices charged at a check-out counter are always correct so you don’t need to check.
19. \_\_\_ Case lot sales can save money if supply is overstocked at beginning or end of a season.
20. \_\_\_ Coupons always offer the best buy for the price offered.

## NOW ADD YOUR POINTS TO SEE HOW YOU RATE AS A SHOPPING SLEUTH\*.

90-100	You’re a <b>Super Duper Sleuth</b>
80-95	You’re a <b>Super Sleuth</b>
70-80	You’re an <b>OK Sleuth</b>
70 or below	You’re a <b>Practicing Sleuth</b>

\* Answers to problems above: a-11, b-1, c-4, d-8, e-9, f-7, g-12, h-3, i-6, j-5, k-2, l-10

13. True. Be sure to look for freshness code on any item. Get the freshest! It will last longer.
14. False. Unit pricing helps compare costs between products.
15. True. Labels explain the amount of real fruit juice that’s in a can. Remember that ingredients are listed in descending order.
16. True. Check prices at other stores to compare them yourself.
17. True. Scales are easily unadjusted. Get your money’s worth. Watch at the check-out counter also.
18. False. Even electronically run machines can be in error. Check prices at check-out counter and at home. Let store know of errors.
19. True. When supply is greatest, prices are lower. (Economic principle of supply and demand!)
20. False. Competitor prices may be lower. Check unit pricing. Don’t buy unless you really need the item or want to try it. Remember to consider cost of mail-in rebates and also expiration dates.

# HOW MUCH MONEY WILL I HAVE FOR MY BUDGET?

When you have a job, you will need to understand the meaning of “take-home pay”. This “take-home pay” plus any other income, will be the amount you will have to spend. Other income examples: government subsidies, scholarships, gifts, savings, family assistance.

1. When you begin work at a job, you will probably be paid by the number of hours that you work. The amount you receive from a minimum wage job is set by the government. (This amount was \$5.15/hour in 1998.) You may be able to earn more than a minimum wage when you begin. What is the minimum wage now? \_\_\_\_\_
2. You must pay federal and state taxes from your check. Federal taxes and state taxes vary each year. You will also pay federal insurance called FICA and Medicare. (This amount in 1998 was 7.65% of your income.) What is the FICA cost now? \_\_\_\_\_
3. There are also some other deductions that may be taken out of a paycheck. Examples are: union dues, insurance, retirement.

**“Take-home” pay is the amount you have left after deductions are taken out.**

Here is an example of “Take-home pay” using a minimum wage of \$5.15/hour. (No extra amounts are taken out for such things as health insurance or union dues.) Your pay check stub could look like this:

Employee name:			Check Date				
HOURS	WAGE/	GROSS	DEDUCTIONS			4/30/99	
	HR	PAY	Federal Tax	State Tax	FICA	Other	NET
40	\$ 5.15	\$ 206.00	30.90	10.09	15.76		\$ 149.25

If you want to know how much you would earn per month, multiply your net pay by 4 weeks:

$$\begin{array}{r}
 \$ 149.25 \\
 \times \quad 4 \\
 \hline
 \$ \quad \quad
 \end{array}$$

If you want to know how much you are paying for deductions for taxes per week, add the amounts.

$$\$ \quad \quad$$

If you want to know how much you pay in 4 weeks, multiply the above amount by 4: \$ \_\_\_\_\_

## ?? ? Questions to consider:

1. What is net income?
2. What is gross income?
3. What is FICA?
4. What kinds of jobs pay minimum wages in your community?
5. What kind of job are you prepared to do?
6. Will you be able to receive more than minimum wages as you start out?
7. What are some deductions that you might have taken out of your paycheck?
8. Does an employer sometimes pay benefits like medical insurance for you?

# CAN YOU MAKE YOUR MATH WORK FOR YOU?

You go to a restaurant for dinner and receive the following bill:

- What would you pay for the food total? \_\_\_\_\_
- What would you add for 5% sales tax? \_\_\_\_\_
- If you chose to give a 10% tip, what would you add? \_\_\_\_\_
- If you chose to give a 15% tip, what would you add? \_\_\_\_\_
- What would your total bill be? \_\_\_\_\_
- If you paid with a \$10.00 bill, what change would you receive? \_\_\_\_\_

<b>JOHN'S PLACE</b>	
Hamburger basket	\$ 3.45
Side salad	1.25
Drink	1.00
<b>FOOD TOTAL</b>	_____
5% TAX	_____
Tip	_____
<b>TOTAL</b>	_____

When you go to the grocery store you must figure the following costs:

1. Oranges cost \$ 1.20 per dozen. You buy only 6.
2. Bananas cost \$ .49 per pound. You buy 2 1/2 pounds.
3. Hamburger costs \$ 1.48 per pound. You buy 3/4 pound.
4. Chili beans are on special @ 2 cans for \$ .98. You buy only one.
5. Taco shells are running a special deal on large packages containing 36. They cost \$3.28. You decide to buy the package and share it with a friend. Your share of the cost will be \$ \_\_\_\_\_

Total cost \_\_\_\_\_  
 Total cost \_\_\_\_\_  
 Total cost \_\_\_\_\_  
 Total cost \_\_\_\_\_

1. Your total grocery bill is \$29.62. You want to return an item costing \$ .49. What will your bill be now? \_\_\_\_\_

You want to be sure that the change you receive is correct! Figure the following.

Cost of item	Amount paid	Change received	# of \$10.00	# of \$5.00	# of \$1.00	# of \$0.50	# of \$0.25	# of \$0.10	# of \$0.05	# of \$0.01
(example) \$ 5.67	\$10.00	\$4.33			4		1		1	3

Practice figuring down payments for the following purchases:

1. Automobile that cost \$7,899.00 required a down payment of 25%      \$ \_\_\_\_\_
2. Motorcycle that costs \$655.00 required a down payment of 20%      \$ \_\_\_\_\_
3. A mobile home that costs \$23,000.00 required a down payment of 15%      \$ \_\_\_\_\_
4. A \$75.00 winter coat on lay-away required a down payment of 5%      \$ \_\_\_\_\_

# BUDGETING USING AN ENVELOPE SYSTEM



When you know what your income will be, you can begin budgeting. Try it with an imaginary budget from a job that has a take-home pay of \$1,400 per month.

Research the amount of money you will probably spend in general areas such as those listed below. Write the amount in the space provided. You should check to see that the amount you are allowing is about the general percentages people usually spend. Then you can balance your income with your expenses.

MY SAMPLE MONTHLY BUDGET			
ITEM	% of income spent*	Totals of Areas	TOTAL
HOUSING (Including utilities)	30-35%		\$
<u>Rent</u>		_____	
<u>Water</u>		_____	
<u>Gas/electricity</u>		_____	
<u>Telephone</u>		_____	
FOOD	14 %		
CLOTHING	6%		
HEALTH CARE	5%		
TRANSPORTATION (car, public)	21%		
ENTERTAINMENT	5%		
OTHER (Includes items listed below)	19%		
<u>Personal Insurance</u>		_____	
<u>Savings (should be 10%)</u>		_____	
<u>Donations</u>		_____	
<u>Cosmetics, Haircuts</u>		_____	
<u>Child care</u>		_____	
<u>Other</u>		_____	
		<b>TOTAL</b>	<b>\$</b>

\* Adapted from "Average Annual Expenditures of Midwest Household 1997" UW-Extension, Family Living Programs-Family finances)

## HERE'S HOW THE "ENVELOPE METHOD" OF PAYING YOUR BILLS WORKS\*

You can practice by making your own take-home pay cash by cutting paper into various dollar bills that equal \$1,400.

1. Write on the outside of envelopes the names of the general areas listed above. Write the amount you plan to spend in each area. (You may have to readjust your planning.)
2. Put the amounts of money you budgeted into the appropriate envelopes. Then when it's time to pay the bills, you can remove the money and make the payments. (You could also write checks rather than use money.)
3. It's important to decide if you are going to borrow from other envelopes when bills come due. This will be tempting. REMEMBER that using your savings can end up destroying your credit rating. You may not have enough money left to meet your goals, pay for emergencies, or pay your regular bills!

\*This method is sometimes preferred in place of a written budget and checks. A disadvantage is the need for keeping cash in the house. It is also easy to borrow from one envelope to pay another bill.

**Oral Pre-Test**  
**MONEY MATTERS**  
**(Level 1 - Minimal)**

1. What are some reasons for making a money plan? *(A plan helps to know what things will cost and the amount of money available for paying bills. Overspending can cause stress, bad credit rating so credit isn't available when needed, unpaid bills, bankruptcy. If planning isn't done, businesses and the community are hurt, self-image is hurt, etc.)*
2. How much money does it take to pay for rent? *(Varies. Shouldn't be more than 35% of income.)* How much money does it take to pay for utilities, insurance, food, etc.? *(Varies.)* Have you ever considered all of the costs to see what you can afford when you're on your own? *(Varies.)*
3. How do wants (luxuries), needs (necessities), and values affect purchases made.
  - a. Give some examples of needs (necessities) when buying food and clothing. *(Individual responses will vary. Items such as T-bone steaks, beer, expensive frozen foods, ice creams, candy, brand name clothes, formal wear, etc. should be considered luxuries.)*
  - b. Give examples of wants (luxuries). *(Television, CD player, big house, swimming pool, car.)*
  - c. What are the very basic physical needs that are needed for survival? *(Food, water, air, shelter, clothing.)*
  - d. Give an example of a personal value that affects the items you purchase. *(The value of belonging to a group will affect the clothes you purchase to match those of the group.)*
4. What's the difference between:
  - a. regular price and sale price? *(Sale price should be less than regular price.)*
  - b. irregulars, first quality, and seconds? *(First quality should be in perfect condition, irregulars have slight flaws, seconds are more flawed than irregulars.)*What's unit pricing? *(Pricing on store shelves that tell cost per unit such as oz.)*  
How should coupons be used? *(Coupons offer discounts on specific products. Prices should be compared with equivalent products before being considered a good buy.)*
5. What is take-home pay? *(Amount of money left from a paycheck after deductions such as taxes, FICA, insurance, dues, etc. are taken out.)* Gross pay? *(Amount of money earned before deductions are removed.)*
6. Do you know the differences between values of coins and currency and can you use a calculator to figure costs?
  - a. If you go into a store and buy an item for \$5.25, what change will be given for a \$10 bill? *(\$ 4.75 in the form of 4 single dollar bills, one 50 cent piece and one 25 cent piece or similar change. You may show coins to person for identification.)*
  - b. If you rent an apartment for \$275.00 per month and are required to pay an extra month's rent for a security deposit when you move in, what is the total amount you will need? *(\$ 550.00)*
7. What is a budget? *(A record of planned expenses to guide spending.)*  
What is "envelope" budgeting? *(A technique of budgeting. Budgeted amounts of cash are put into designated envelopes so it is available when bills come due or purchases are made. Prewritten checks can be used also.)*

**EVALUATION FOR MONEY MATTERS**  
**(Minimal)**

Write a "T" in front of statements that are true and an "F" in front of the statements that are false.

1.  A budget can help avoid overspending.
2.  Spending no more than 35% of income for housing is recommended.
3.  If the cost of one pound of tomatoes is \$.39, you pay \$ .19 for two pounds.
4.  Goals can help give a direction to life.
5.  Food is a fixed expense.
6.  The values you have affect choices you make.
7.  A guitar could be a real need for someone.
8.  "Take-home-pay" is the amount of money you have before payroll deductions are made.
9.  The way a person spends money doesn't affect members of a community.
10.  There is no difference between a need and a want.
11.  Coupons always offer the best buy.
12.  Families usually take care of the first three levels of Maslow's pyramid.
13.  Unit pricing helps consumers judge quality of products for sale.
14.  Generic brand canned foods are generally more expensive than name brands.
15.  Some food items are sold at a lower price when they are outdated.
16.  Self actualization is the need for respect and admiration.
17.  There are freshness codes printed on milk and luncheon meat.
18.  A nickel equals ten cents.
19.  Federal and state taxes must be taken out of pay checks.
20.  There is a government law controlling the minimum wages that must be paid to workers.

Mark an "X" in front of all of the correct answers.

21-25: Which of the following monthly expenses are fixed expenses?

- rent
- food
- telephone
- auto insurance
- credit card payments

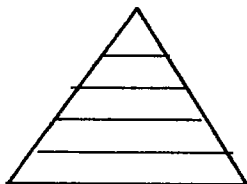
26-30: Which of the following items are values:

- hard work
- money
- friends
- winning
- all of the above

31-35: Physical needs include:

- food
- safety
- clothing
- shelter
- water

36-40: Place the number of the need in its proper place in Maslow's Basic Need Pyramid.



1. love
2. safety
3. physical
4. self esteem
5. self actualization

**41-45: Match the correct terms with their definitions:**

- |  |                  |
|--|------------------|
| 41. _____ Merchandize that has a slight flaw                               | a. sale          |
| 42. _____ Limited store merchandise sold at lower cost to reduce inventory | b. clearance     |
| 43. _____ Merchandize returned by customers                                | c. returns       |
| 44. _____ Merchandize that is in perfect condition                         | d. first quality |
| 45. _____ Regular prices reduced for limited time                          | e. irregular     |

**46-50: Match the correct terms with their definitions:**

- |                              |   |
|------------------------------|---|
| 46. _____ Net income         | a. Federal insurance  |
| 47. _____ Gross income       | b. Total amount of money earned   |
| 48. _____ FICA               | c. Amount of money left after deductions  |
| 49. _____ Federal tax        | d. Taxes taken out for federal expenses   |
| 50. _____ Payroll deductions | e. Total amount of money taken out for such things as: insurance, dues, retirement plan |

**51-56: What change will you receive from a \$ 5.00 bill? Complete the chart:**

COST	CHANGE	# \$1.00	QUARTERS	DIMES	NICKELS	PENNIES
\$ 2.93 (example)	\$ 2.07	2			1	2
\$ .95						
\$ 1.98						
\$ 3.88						

**57-58: Complete the following sentences with the correct answers:**

- 35% of a \$1,200 income per month to spend for housing = \$ \_\_\_\_\_
- 20% down payment for a car costing \$5,500.00 = \$ \_\_\_\_\_

**59-65: Explain the process of “envelope budgeting”.**

**65-67: List three reasons for making a financial money plan.**

- 1.
- 2.
- 3.

**68-70: List three of the steps you can take to accomplish a goal:**

- 1.
- 2.
- 3.

**71-75: Explain what steps you can take to make a money plan for yourself.**

**EVALUATION ANSWERS FOR MONEY MATTERS  
(Minimal)**

Write a "T" in front of statements that are true and an "F" in front of the statements that are false.

1. T\_\_\_ A budget can help avoid overspending.
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21-25: Which of the following monthly expenses are fixed expenses?

- X\_\_\_ rent  
\_\_\_ food  
\_\_\_ telephone  
X\_\_\_ auto insurance  
\_\_\_ credit card payments

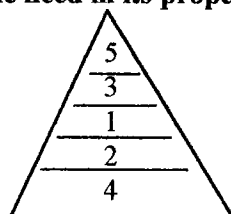
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\_\_\_ money  
\_\_\_ friends  
\_\_\_ winning  
X\_\_\_ all of the above

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\_\_\_ safety  
X\_\_\_ clothing  
X\_\_\_ shelter  
X\_\_\_ water

36-40: Place the number of the need in its proper place in Maslow's Basic Need Pyramid.



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\$ .95	\$ 4.05	4			1	
\$ 1.98	\$ 3.02	3				2
\$ 3.88	\$ 1.12	1		1		2

**57-58: Complete the following sentences with the correct answers:**

- 35% of a \$1,200 income per month to spend for housing = \$ 420.00
- 20% down payment for a car costing \$5,500.00 = \$ 1,100.00

**59-65: Explain the process of “envelope budgeting”.**

*This is a simple process of budgeting. Budgeted amounts are written on the outside of envelopes. The amount of budgeted money is put into each appropriate envelope. When the payment is due, the money is removed to pay the bill. Checks can also be prewritten and used in place of cash.*

**65-67: List three reasons for making a financial money plan.**

*Age of majority, avoid debt, self esteem, avoid bankruptcy, know how much money can be spent in total, help accomplish goals.*

**68-70: List three of the steps you can take to accomplish a goal:**

*Gather information, figure cost and how to get financing, set deadlines, find help, figure alternatives, set priorities.*

**71-75: Explain what steps you can take to make a money plan for yourself.**

*Figure personal goals. Make a plan to reach the goals. Consider personal values. Consider alternatives. Figure total income. Make a budget. Include savings to accomplish your goals. Follow the budgeted amounts. Consider ways to save dollars. Check goals and budget plan often to make appropriate changes.*

# **MONEY MATTERS**

## **ACTIVITIES FOR REAL LIFE LEARNING**

### **(level 2, INTERMEDIATE)**

**These experiences are designed for intermediate knowledge needed for management of money.**

- Persons can use *MONEY MATTERS A Mini-Micropedia* along with these learning experiences.
- The learning experiences can be used with the *Mini-Micropedia, I CAN DO IT! A Micropedia of Living On Your Own*, or by themselves.
- There is an oral pretest and an objective post test included.

**The objectives of this unit are to:**

1. Understand sales resistance and consumer fraud
2. Be able to comparison shop using unit pricing information
3. Understand bill payment process and value of using cash, checks, and money orders
4. Understand how to open a checking and savings account
5. Understand how to apply for a credit card and use it appropriately
6. Practice writing checks, making banking transactions, and recording them
7. Practice balancing a checkbook
8. Create a savings program.

### **Suggested Added Learning Experiences**

**(These can be used according to the capability of the learner and the amount of time available.)**

1. Invite a banker to speak.
2. Invite a financial counselor or representative from a credit union to speak.
3. Plan a group visit to a bank to view the whole banking process.
4. Talk with local bank representative to see if they have written banking instructions available.
5. Debate the value of using a bank.
6. Write to the attorney general of your state for consumer protection laws.
7. Plan a group trip to a grocery store with a grocery list and compete to find best prices.
8. Create a grocery store of empty boxes and cans. Plan unit pricing for them. (Great to share with younger children!)
9. Plan a menu and find lowest cost for food preparation. (Could have a party!)
10. Create savings program plan for young children to teach them to save.
11. Create a two minute radio or TV announcement to encourage savings.
12. Research details of the bankruptcy problems in your state.
13. Create a list of money saving techniques.
14. Draw posters to encourage savings.

# WATCH OUT FOR "TRICKY TOM" !



Don't let Tricky Tom put something over on you. . . or your friends. He's there to tempt you and get you to buy. You can find him in many places: TV and newspaper ads, stores, inside mail, even on the phone. Avoid his "tricks". Recognize them and you'll know when to say "NO!"

Explain the following tricks and then create a situation to role play:

1. "Bait and Switch"
2. "Lo-balling"
3. "Deceptive pricing"
4. Sweepstake offers

Make a list of information you should not give over the phone:

Now consider some of the tricks that are used in advertising to get you to BUY, BUY, BUY!

Gather newspaper and magazine ads. Listen to radio and television ads. Check the "tricks" to see how they are appealing to your needs or wants. Knowing what influences your buying can help you control your spending.

## ADVERTISEMENT "TRICKS"

You're often tricked with your emotions!

Product: \_\_\_\_\_ Brand \_\_\_\_\_

Appeal List: Check what is being used to attract you to buy the product. (i.e. perfume ad showing a woman attracting a man must mean if you use the perfume, you will be attractive to men.)

- Physical well being (exercise, nutrition, etc.)
- Sex/glamour
- Fear (safety, not belonging, health)
- Recognition
- Financial gain (bargains, savings)
- Self esteem (success, independence, knowledge)
- Association (with athletes by transfer of fame to product)
- Love (how to be loved, part of group, unique, admired)
- Beauty
- Adventure
- Other

What type of person is the ad attempting to reach?

How can you know this?

View a television ad and note what "hook" has been used in the first five seconds to attract you to watch:

bright colors     loud volume     visual image

See any negative features?  false claims     arousal of unpleasant feelings     exaggeration or misleading

Would you buy the product?    Why?    Why not?

## Before you buy, ask yourself:

"If I buy this, what else can't I buy?" "Does it help me reach my goals?" "Are there other alternatives?"

## RESEARCH YOUR STATE CONSUMER LAWS TO PROTECT YOURSELF

Write to or call the local consumer protection office or attorney general office of your state for free current consumer information. Look for numbers in the telephone yellow pages. The BBB (Better Business Bureau) can also be helpful. Find out about: store return policies, shopping by mail, unsolicited merchandise, telephone scams, telemarketing fraud, buying a used car, sweepstakes offers, billing and credit, slamming and more.

# Buyin' burgers and other stuff ....



Does it cost more to buy it or make it at home?

MacDonald's or other restaurant		Groceries for making menu at home	
	Cost		Cost
Hamburger	\$	3 oz. Hamburger	\$
		Hamburger bun	
		Ketchup, pickles, etc.	
French fried potatoes		½ baked potato	
12 oz. soda		12 oz. soda	
8 oz. milk		8 oz. milk	
Lettuce salad		Lettuce salad	
<b>Total cost:</b>	<b>\$</b>	<b>Total cost:</b>	<b>\$</b>

Now compare cost of making foods such as brownies with packages or from scratch. (Other things to consider: What additives have been included in the package product?)

## Now Compare Some Other "Stuff"

In small groups, select a new item for cost comparisons. You might choose an appliance such as a refrigerator, microwave, washer, or a piece of furniture. Be sure to compare items of similar value. You can use newspaper or other media ads or visit stores.

ITEM	MODEL #	Cash Price	# of Payments	Cost/Payment	Down Payment	Total cost

What other alternatives are there?

Compare:

Rent-to-own

Used

Other

