



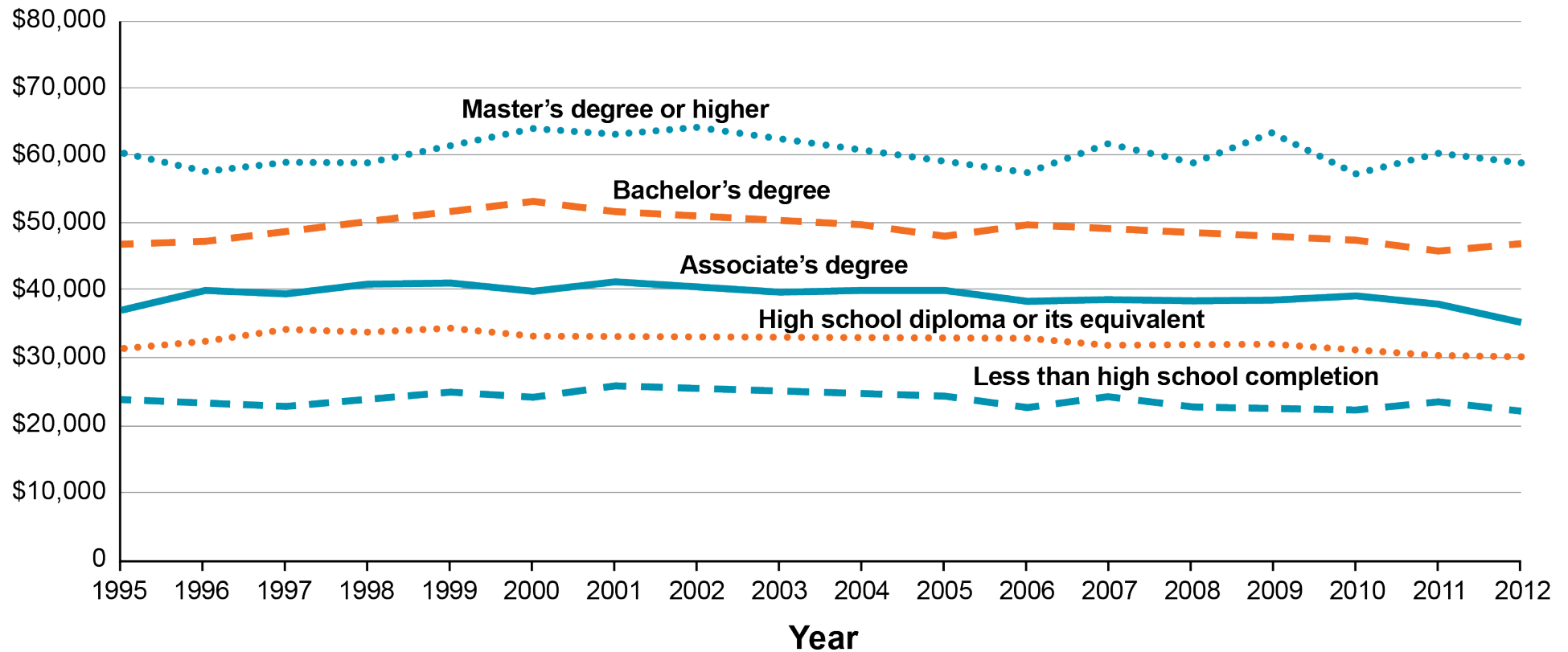
**for Grades 6–8**

# **Teacher Presentation Slides**

**for use with Educator Guide**

# DEGREES MATTER

Dollars (in constant 2012 dollars)



Source: <http://nces.ed.gov/fastfacts/display.asp?id=77>

# EXPLAINING TAXES



Current Amount		Withholdings/Deductions		Current Amount	Year to Date
600.00		FICA MED TAX		8.70	191.40
		FICA SS TAX		37.20	818.40
		FED TAX		59.57	
		MA ST TAX		28.19	620.15
Net Pay	YTD Earnings	YTD Deductions	YTD Net Pay	Check No.	
466.34	13,200.00	2,940.43	10,259.57	2756	

# INCOME AND TAXES

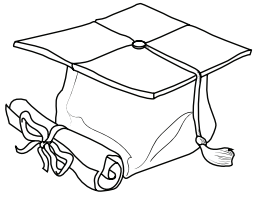
My First Job	My Second Job	My Third Job
<b>Level of Education:</b> <i>Bachelor's degree</i>	<b>Level of Education:</b> <i>Master's degree</i>	<b>Level of Education:</b> <i>Master's degree plus an Advanced Certificate</i>
<b>Job Experience:</b> <i>First month on the job</i>	<b>Job Experience:</b> <i>Five years on the job</i>	<b>Job Experience:</b> <i>20 years on the job</i>
<b>Salary:</b> <i>\$40,000 annually</i>	<b>Salary:</b> <i>\$76,000 annually</i>	<b>Salary:</b> <i>\$122,000 annually</i>

# TAX BRACKET FOR 2014

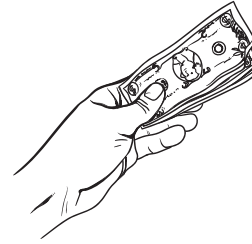
If Taxable Income Is:	The Tax Is:
Not over <b>\$9,075</b>	10% of the taxable income
Over <b>\$9,075</b> but not over <b>\$36,900</b>	<b>\$907.50</b> plus 15% of the excess over <b>\$9,075</b>
Over <b>\$36,900</b> but not over <b>\$89,350</b>	<b>\$5,081.25</b> plus 25% of the excess over <b>\$36,900</b>
Over <b>\$89,350</b> but not over <b>\$186,350</b>	<b>\$18,193.75</b> plus 28% of the excess over <b>\$89,350</b>
Over <b>\$186,350</b> but not over <b>\$405,100</b>	<b>\$45,353.75</b> plus 33% of the excess over <b>\$186,350</b>
Over <b>\$405,100</b> but not over <b>\$406,750</b>	<b>\$117,541.25</b> plus 35% of the excess over <b>\$405,100</b>
Over <b>\$406,750</b>	<b>\$118,118.75</b> plus 39.6% of the excess over <b>\$406,750</b>

Source: [http://www.irs.gov/irb/2013-47\\_IRB/ar11.html](http://www.irs.gov/irb/2013-47_IRB/ar11.html)

# FINANCIAL VALUES SAMPLE



## Education



## Charitable Giving



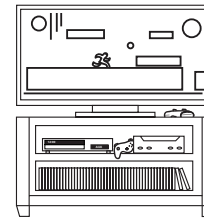
## Retirement



## Family



## Investment



## Entertainment



## Travel



## Lifestyle

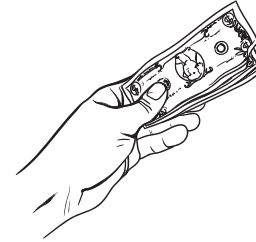
Based on: <http://www.ag.ndsu.edu/pubs/yf/fammgmt/fs591.pdf>

## FINANCIAL GOALS SAMPLE

## Buying my mom a car.



## Donating money and volunteering time every holiday season.



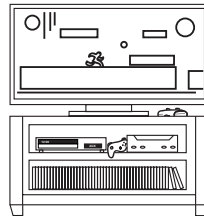
# Buying a home.



## Saving enough money to live a comfortable life.



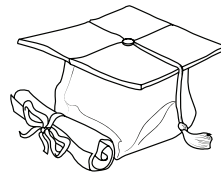
## Buying a gaming system.



## Making money by investing in a company's stock.



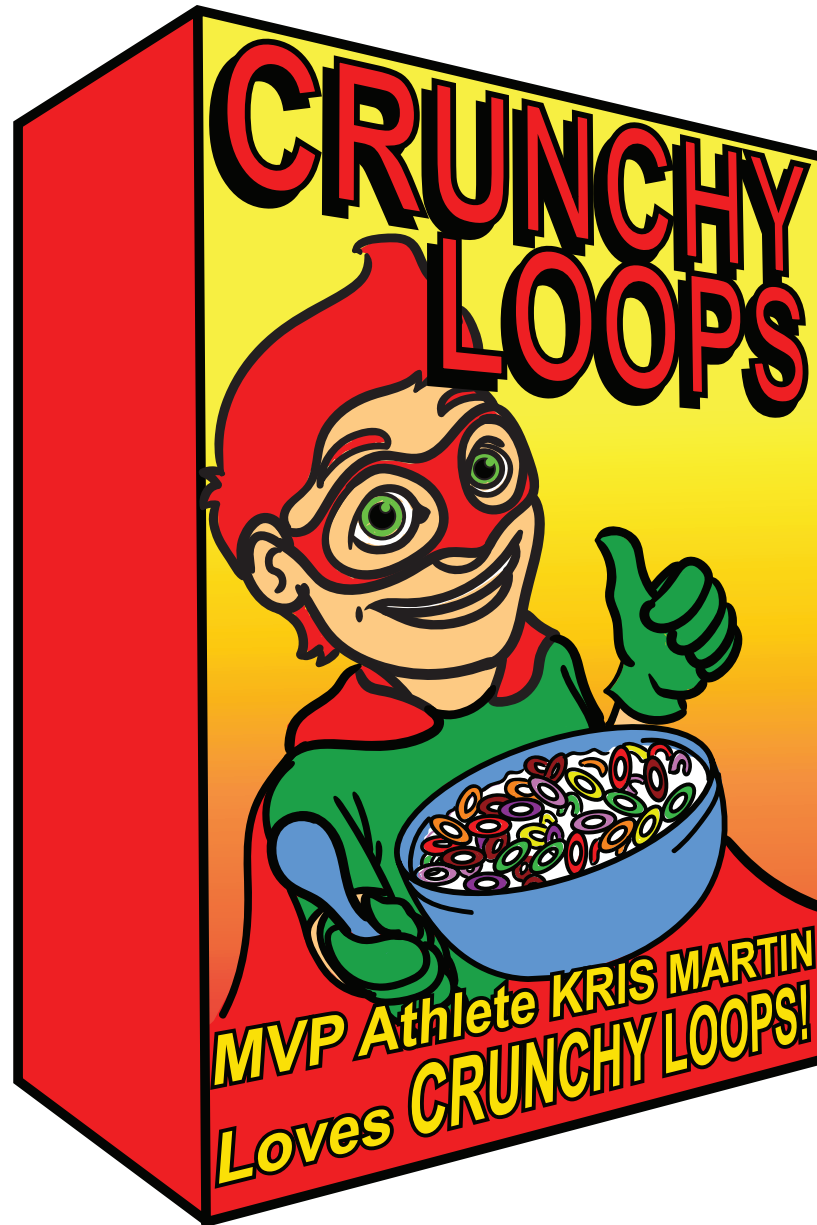
## Paying for part of my college tuition.



## Visiting my relatives in California.

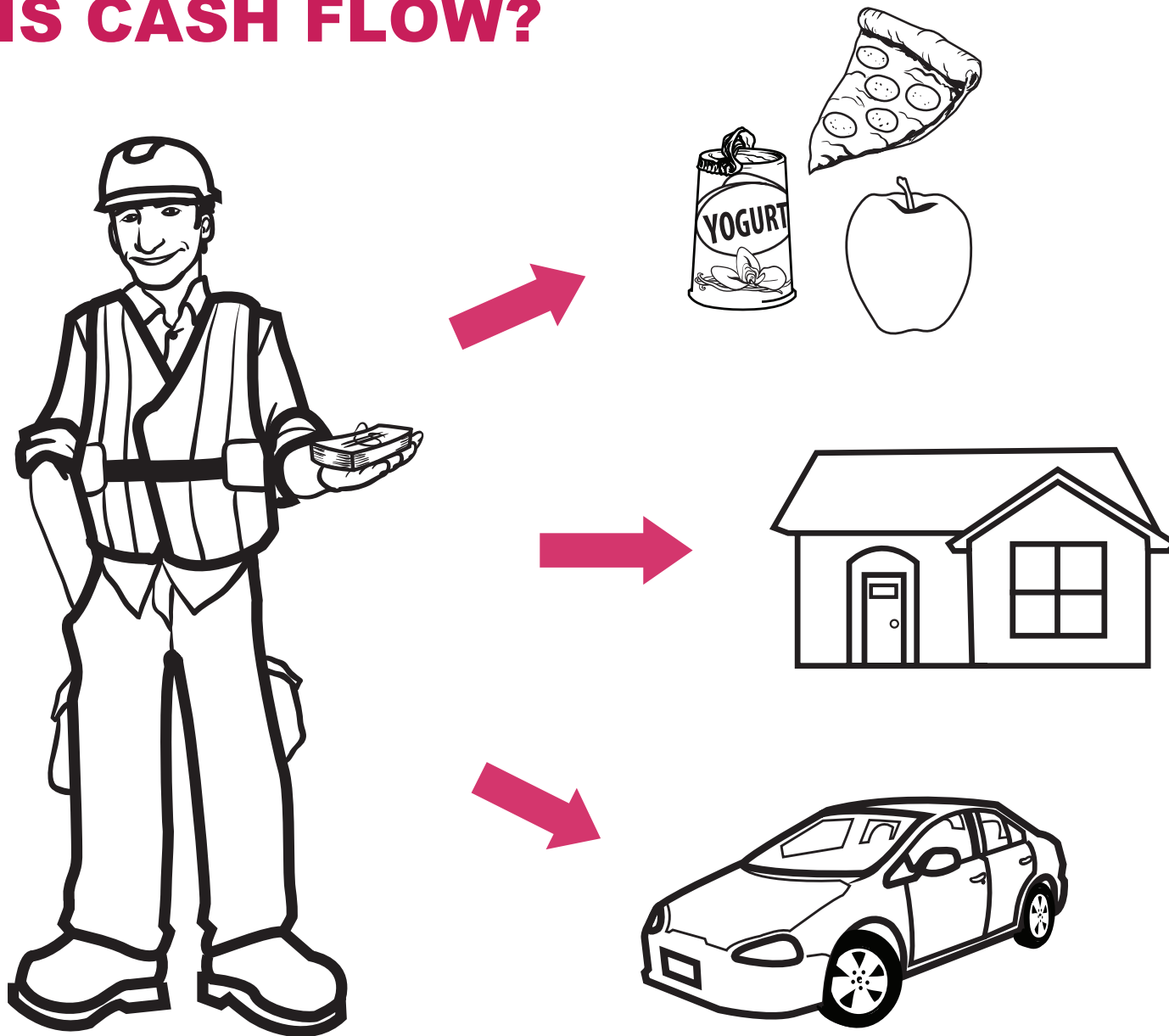


# CEREAL ADVERTISEMENT





# WHAT IS CASH FLOW?



# SCENARIOS

## Group 1:

**Your parents have just informed you that, if you want a car, you'll have to pay for it yourself. You're 14, and right now you get a small allowance, but you plan to get a job as soon as you can. In the meantime, you want to make sure that you save money so that you'll be able to buy your car.**

## Group 2:

**The school dance is just two weeks away. The cost is \$20. All of your friends are going, but you're not sure you'll have enough extra money for a ticket. You have two babysitting jobs lined up for the next two weeks, but that leaves you a few dollars short of purchasing a \$20 ticket.**

## Group 3:

**You've achieved your goal of getting a full scholarship to the college of your dreams. The only problem is that the scholarship will not cover the cost of textbooks, which you estimate will run you about \$500 for the first semester. You have the summer to save money, and you have a summer job.**

## Group 4:

**You like to look very put-together for the start of the new school year. This year, you're on your own. No one is paying for any of your back-to-school clothes. It's the summer, and you have a few bucks stashed away in your room, plus a couple of jobs lined up mowing neighbors' lawns for money.**

# SAVINGS OPTIONS

## Open a Savings Account

Opening a savings account helps you save money. Putting money into a savings account not only sets money aside so that you won't spend it, but it also gains interest slowly but surely.

### Cut Back

Cut back on your spending. Think about the things you need versus the things you want. What can you afford to cut back on and still live a comfortable lifestyle?

OPTION 1

### Go Cheaper

Of the things that you purchase, are they the least expensive brands? Are you willing to swap brand names with generic brands?

OPTION 2

### Create New Habits

Sometimes, developing new habits can help you save money. Are you willing to change some of your habits in order to save money?

OPTION 3

# UNDERSTANDING COMPOUND INTEREST WARM UP

**Principal:** An amount of money originally invested, excluding any interest or dividends

**Interest:** Earnings from lending money

**Compounding:** Calculating interest on both principal and previously earned interest

You have placed \$2,000 (called the **principal**) into a savings account. Your bank offers a generous interest rate of 5%, compounded annually. Using the table below, determine how much money your \$2,000 would increase to in five years.

Year	Balance	Interest	Total
1	\$2,000	\$100	\$2,100
2	\$2,100		
3			
4			
5			

## Compound Interest Formula

$$A = P \left( 1 + \frac{r}{n} \right)^{nt}$$

P = principal amount  
(the initial amount you borrow or deposit)  
r = annual rate of interest (as a decimal)  
t = number of years the amount is  
deposited or borrowed for  
A = amount of money accumulated after n years,  
including interest  
n = number of times the interest is compounded per year

# INVESTMENT VEHICLES

What are examples of how I can invest money?

Stock	Mutual Funds																																																																																																																																							
<ul style="list-style-type: none"><li>Investment in a company</li><li>Shares of ownership in a company</li><li>Value of investment based on company performance</li></ul>	<ul style="list-style-type: none"><li>Investments in several areas (companies, bonds, etc.)</li><li>Diversified</li></ul>																																																																																																																																							
<table><tr><th>LAST</th><th>CHG</th><th>%</th><th>LAST</th><th>CHG</th><th>%</th><th>LAST</th><th>CHG</th><th>%</th></tr><tr><td>19.01</td><td>1.2</td><td>4.4</td><td>14.67</td><td>7.8</td><td>3.7</td><td>34.62</td><td></td><td>0.3</td></tr><tr><td>14.67</td><td>7.8</td><td>3.7</td><td>15.01</td><td>1.1</td><td>6.1</td><td>22.65</td><td></td><td>4.9</td></tr><tr><td>12.01</td><td>1.3</td><td>2.5</td><td>22.65</td><td>1.9</td><td></td><td>14.67</td><td>7.8</td><td>3.7</td></tr><tr><td>11.04</td><td>1.6</td><td>5.3</td><td>18.37</td><td>3.2</td><td></td><td>12.01</td><td>1.3</td><td>2.5</td></tr><tr><td>6.97</td><td>3.0</td><td>3.1</td><td>12.01</td><td>1.3</td><td>5.1</td><td></td><td>3.0</td><td>3.1</td></tr><tr><td>22.65</td><td>1.9</td><td>4.9</td><td>34.62</td><td></td><td>3.3</td><td>34.62</td><td>3.5</td><td>2.2</td></tr><tr><td>17.07</td><td>0.6</td><td>1.2</td><td></td><td>3.3</td><td>2.5</td><td>34.78</td><td>5.4</td><td>6.7</td></tr><tr><td>34.78</td><td>5.4</td><td>6.7</td><td></td><td>3.0</td><td>3.1</td><td>15.01</td><td>1.1</td><td>6.2</td></tr><tr><td>15.01</td><td>1.1</td><td>6.2</td><td>14.71</td><td>2.7</td><td>2.3</td><td>18.37</td><td>3.2</td><td>9.5</td></tr><tr><td>2.06</td><td></td><td>2.2</td><td>18.37</td><td>3.2</td><td>9.5</td><td>19.01</td><td>1.2</td><td>4.4</td></tr><tr><td>18.37</td><td>3.2</td><td></td><td>2.06</td><td>3.5</td><td>2.2</td><td>17.07</td><td>0.6</td><td>1.2</td></tr><tr><td>1</td><td>2.7</td><td>3.3</td><td>34.62</td><td>1.9</td><td>0.3</td><td>11.04</td><td>1.6</td><td>5.3</td></tr><tr><td>12.01</td><td>1.3</td><td>2.5</td><td>18.37</td><td>3.2</td><td>9.5</td><td>14.71</td><td>2.7</td><td>2.3</td></tr><tr><td>34.62</td><td>1.9</td><td>0.3</td><td>15.01</td><td>1.1</td><td>6.2</td><td>12.01</td><td>1.3</td><td>2.5</td></tr></table>	LAST	CHG	%	LAST	CHG	%	LAST	CHG	%	19.01	1.2	4.4	14.67	7.8	3.7	34.62		0.3	14.67	7.8	3.7	15.01	1.1	6.1	22.65		4.9	12.01	1.3	2.5	22.65	1.9		14.67	7.8	3.7	11.04	1.6	5.3	18.37	3.2		12.01	1.3	2.5	6.97	3.0	3.1	12.01	1.3	5.1		3.0	3.1	22.65	1.9	4.9	34.62		3.3	34.62	3.5	2.2	17.07	0.6	1.2		3.3	2.5	34.78	5.4	6.7	34.78	5.4	6.7		3.0	3.1	15.01	1.1	6.2	15.01	1.1	6.2	14.71	2.7	2.3	18.37	3.2	9.5	2.06		2.2	18.37	3.2	9.5	19.01	1.2	4.4	18.37	3.2		2.06	3.5	2.2	17.07	0.6	1.2	1	2.7	3.3	34.62	1.9	0.3	11.04	1.6	5.3	12.01	1.3	2.5	18.37	3.2	9.5	14.71	2.7	2.3	34.62	1.9	0.3	15.01	1.1	6.2	12.01	1.3	2.5	<div><p>Returns are passed to the investors</p><p>Returns on the pooled investments</p><p>Investors pool their money with a Registered Mutual Fund</p><p>MUTUAL FUND</p><p>Mutual Fund — Fund Manager invests this amount with securities</p></div>
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**Note:** These are two types of investments that are not federally insured.

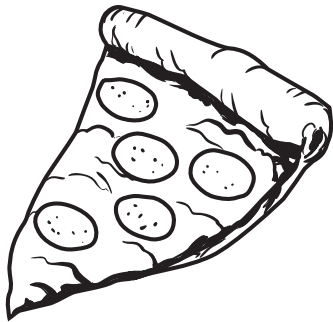
# CASE STUDY: THREE STOCKS

## Yum! Brands (YUM)

Yum! Brands owns such popular chains as Taco Bell, KFC, and Pizza Hut. At \$73 per share, it sells for 20 times projected earnings, while yielding 2%. The company is expected to increase profits over the next 3–5 years.

**Stock symbol:** YUM

**Today's share price:** \$73



## Target (TGT)

Target has 1,797 stores in the United States that sell everything from baby cribs to bananas. This retailer is expected to increase profits at an 11% pace in coming years. Shares are \$62 each as of December 2013.

**Stock symbol:** TGT

**Today's share price:** \$62

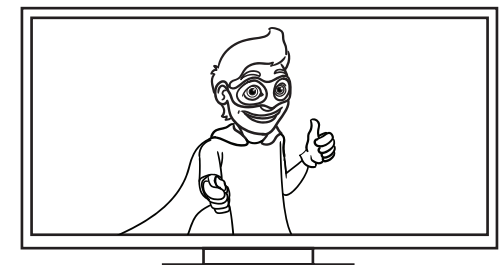


## Walt Disney (DIS)

Walt Disney owns several business interests: animated films, theme parks, and the sports network ESPN, among others. At \$71 a share, it is expected to increase profits at a 15% pace for the next several years.

**Stock symbol:** DIS

**Today's share price:** \$71



Share prices from 12/17/2013

Source: <http://www.kiplinger.com/slideshow/investing/T052-S003-17-stocks-your-kids-will-love/>