



**for Grades 9–12  
and Ages 18–20**

# **Teacher Presentation Slides**

**for use with Educator Guide**

# DREAM JOB

1. What are your interests? What excites you?
2. What are you good at? What skills do you have?
3. What do you want to do after high school or college?
4. What is your dream job, and why?
5. What skills do you think are required for your dream job?
6. How do you think you could get the skills needed for your dream job?

# POSSIBLE EMPLOYER BENEFITS

**Health Insurance:** helps cover employee medical costs related to illness or injury

**Flexible Spending Accounts:** tax-free money set aside by an employee often to be used for out-of-pocket medical expenses

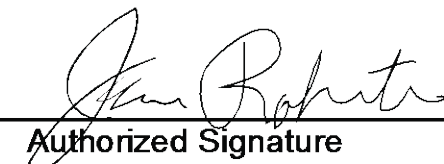
**Retirement Accounts:**

- 401(k): an employer-sponsored plan to accumulate retirement savings that gives employees a choice of investment options, typically mutual funds. Employees who participate in a traditional 401(k) plan have a portion of their pre-tax salary invested directly in the option or options they choose.
- 403(b): exclusively for employees of public schools and certain tax-exempt organizations to accumulate retirement savings

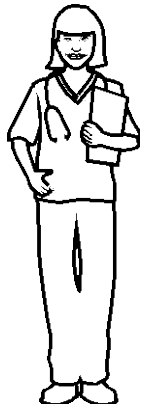
**Life Insurance:** provides money to a beneficiary after the death of the insured

**Extras:** child care, relocation expenses, tuition reimbursement, transportation, wellness programs, discounts on products/services

# PAYCHECK

Bank Main Street						
<b>Electric Electronics Inc.</b> 855 Electronic Avenue Midville, MA 02546				Check No. <b>2756</b>  Date <b>9/15/14</b>		
PAYROLL CHECK						
Pay... Four Hundred Sixty Six Dollars 34 Cents				\$ <span style="border: 1px solid black; padding: 2px 10px;">466.34</span>		
To The Order Of <b>Jerome Roberts</b>				 Authorized Signature		
⑆876543210⑆ 456789123456⑈2756						
<b>Electric Electronics Inc.</b> 855 Electronic Avenue Midville, MA 02546				<b>Earnings Statement</b>		
Employee No. 543210	Employee Name Jerome Roberts		Social Security No. xxx-xx-4321	Period Beg. 9/1/2014	Period End 9/15/2014	Check Date 9/15/2014
Earnings	Hours	Rate	Current Amount	Withholdings/Deductions	Current Amount	Year to Date
Regular pay	40.00	15.00	600.00	FICA MED TAX	8.70	191.40
				FICA SS TAX	37.20	818.40
				FED TAX	59.57	1310.54
				MA ST TAX	28.19	620.15
Current Amount 600.00	Current Deductions 133.66		Net Pay 466.34	YTD Earnings 13,200.00	YTD Deductions 2,940.43	YTD Net Pay 10,259.57
						Check No. 2756

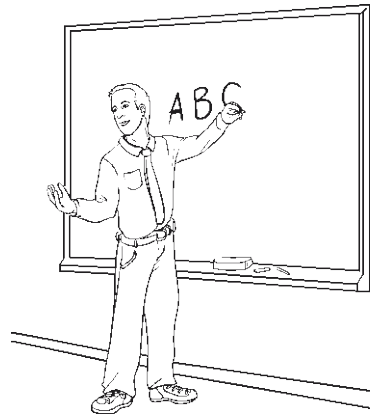
# CHOICES



Two-Year  
College



Associate's  
Degree



Four-Year  
College



Bachelor's  
Degree



Apprenticeship



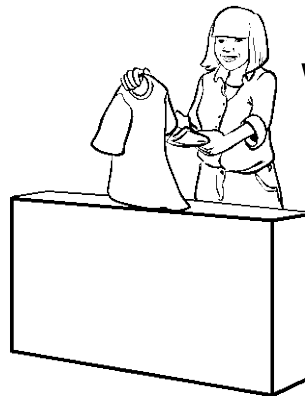
On-the-Job  
Training



Military



Armed  
Forces  
Career



Direct to  
Workforce



Job



Entrepreneur



Owning Your  
Own Business

# SETTING & REACHING GOALS

## Aisha's Goals

Short-term goal:

work part-time in high school to save up money for college



Intermediate goal:

go to college for nursing and balance working part-time

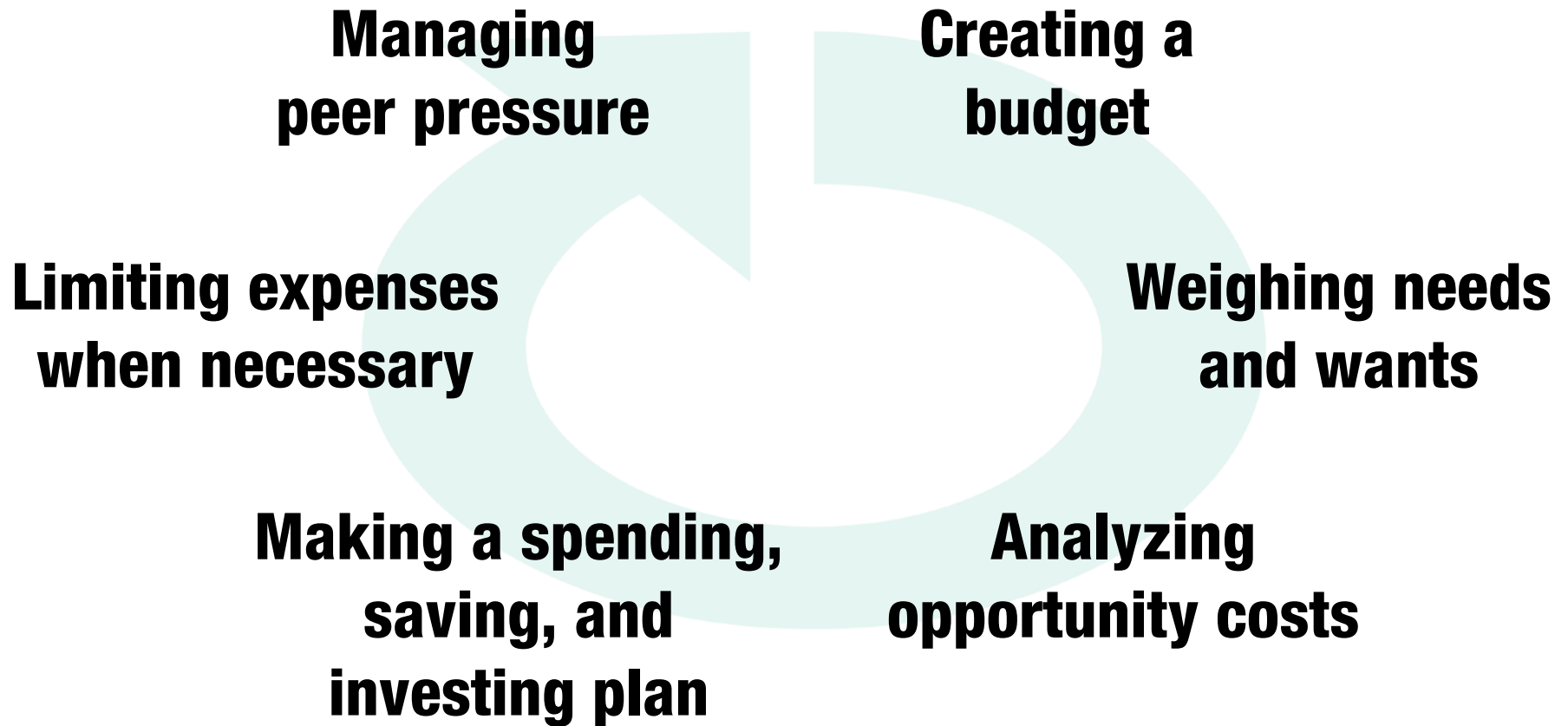


Long-term goal:

obtain a job as a registered nurse

# WHAT'S IN A PLAN?

A financial plan is a series of steps to take in order to reach a goal.



# POOR PLANNING

“By the time they have been retired for two years, 78% of former NFL players have gone bankrupt or are under financial stress; within five years after retirement, an estimated 60% of former NBA players are broke.”

—*Sports Illustrated*

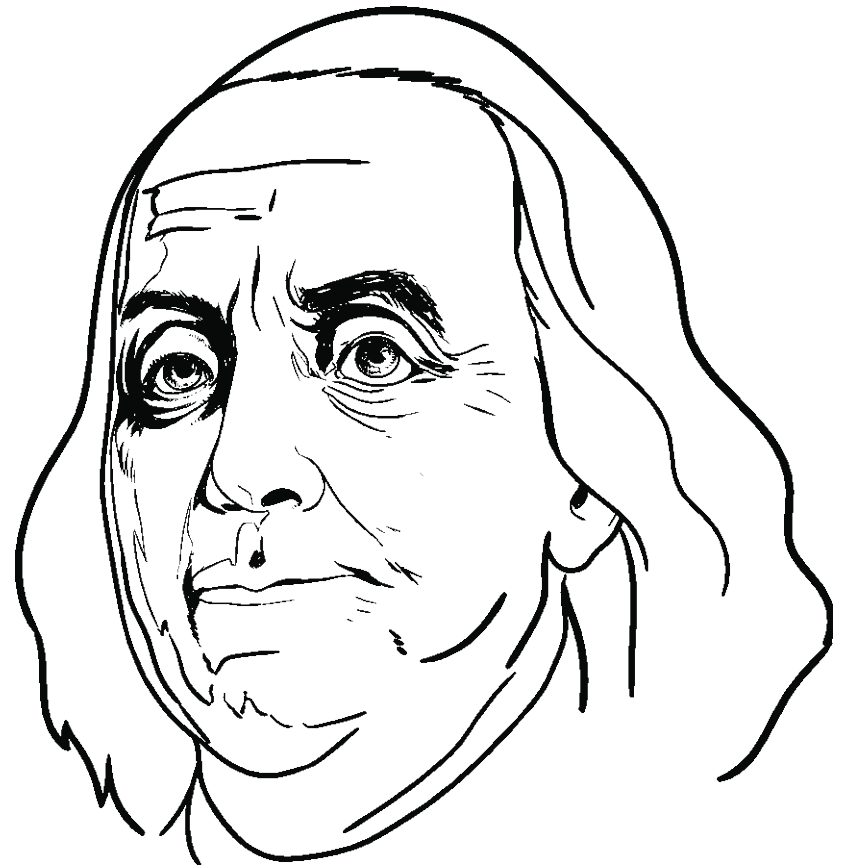
“How and Why Athletes Go Broke”

by Pablo S. Torre, March 23, 2009



# SINKING SHIP

Beware of little expenses. A small leak will sink a great ship.



BENJAMIN FRANKLIN

# 1-2-3 BUDGET

## Three steps to building a budget...

**Keep track of your spending**

**Identify your income and expenses**

**Analyze cash flow and look for ways to  
increase your income and decrease expenses**

# BUDGET BREAKDOWN

## Income:

- Various jobs or work, like cutting grass or babysitting wages
- Full- or part-time employment
- Allowances
- Odd jobs
- Interest and dividends
- Other sources, including tips

## Expenses:

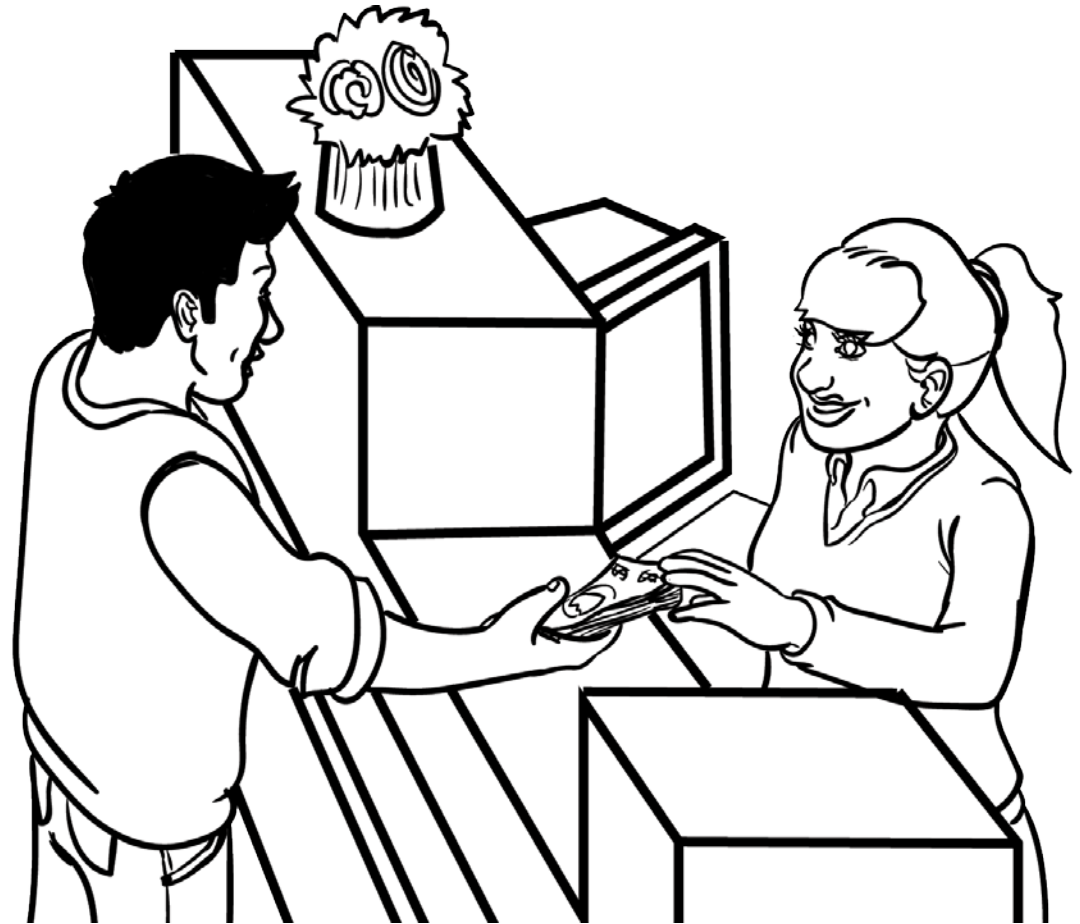
- Bills (for example: cell phone or cable bill, rent)
- Transportation expenses (for example: car payment, gas, insurance, bus or transit fares)
- Movies, music purchases, game downloads or other entertainment
- Clothes or accessories
- Eating out
- Personal items (makeup, cologne, and so on)
- Savings for college or other future purchases

**Cash flow** is the relationship between income and expenses

**Fixed** expenses do not change from month to month (for example: rent and auto loan payments)

**Flexible** expenses might change from month to month (for example: food and gas)

# PAY YOURSELF FIRST



Spend It or Bank It?

# HOW MONEY GROWS

**Interest:** the amount of money banks or other financial institutions pay you for keeping your money on deposit with them

Interest is expressed as a percentage and is calculated based on time and the amount of money in your account

**Compounding:** how your money can grow when you keep it in a financial institution that pays interest

**APY:** Annual Percentage Yield reflects the interest you earn on a yearly basis

# COMPOUNDING INTEREST OVER TIME

**Compounding means calculating interest on both principal and previously earned interest.**

	5 years	10 years
Mattress compounding— NO interest!	\$1,000.00 (unless stolen or lost)	\$1,000.00 (unless stolen or lost)
Annual compounding at 1%	\$1,051.01	\$1,104.62
Monthly compounding at 1%	\$1,051.25	\$1,105.12
Daily compounding at 1%	\$1,051.27	\$1,105.17

# SAVINGS OPTIONS

**Certificate of Deposit (CD):** typically offers a higher rate of interest than a regular savings account in exchange for you keeping the money on deposit for a set term (for example, 6 months or more)

**Money Market Account:** higher rate of interest, usually requires a higher minimum balance (for example, \$1,000), can make deposits and withdrawals

**Statement Savings Account:** an account that typically allows unlimited deposits, but limits the number of fee-free withdrawals you can make during a month. You typically earn interest on the money you have on deposit and will receive a statement at least quarterly listing all transactions in the account

**Protection:** the Federal Deposit Insurance Corporation and National Credit Union Administration (NCUA) protect money saved in member financial institutions

# BANKING INSTITUTIONS

## **Banks and Thrifts**

- Financial institutions that operate under federal and state laws and regulations
- They make loans, pay checks, accept deposits, and provide other financial services

## **Credit Unions**

- Not-for-profit financial institutions owned by people who have something in common
- Credit unions offer many of the same services as banks and thrifts, and operate under state and federal laws and regulations
- You have to become a member of the credit union to keep your money there



# CHECKING AND SAVINGS ACCOUNTS

**Checking Accounts** allow you to pay bills, and buy goods and services with the money you have deposited.

**A Savings Account** is a safe place for you to save money and earn interest over time.

# DEDUCTION INTRODUCTION

## Medicare




## Income Tax



## Social Security



# PAYCHECK

Bank Main Street						
<b>Electric Electronics Inc.</b> 855 Electronic Avenue Midville, MA 02546				Check No. <b>2756</b>  Date <b>9/15/14</b>		
<b>PAYROLL CHECK</b>						
Pay... Four Hundred Sixty Six Dollars 34 Cents				<b>\$ 466.34</b>		
To The Order Of <b>Jerome Roberts</b>				 Authorized Signature		
⑆876543210⑆ 456789123456⑈#2756						
<div style="display: flex; justify-content: space-between;"> <span><b>Electric Electronics Inc.</b> 855 Electronic Avenue Midville, MA 02546</span> <span><b>Earnings Statement</b></span> </div>						
Employee No. 543210	Employee Name Jerome Roberts		Social Security No. xxx-xx-4321	Period Beg. 9/1/2014	Period End 9/15/2014	Check Date 9/15/2014
Earnings	Hours	Rate	Current Amount	Withholdings/Deductions	Current Amount	Year to Date
Regular pay	40.00	15.00	600.00	FICA MED TAX	8.70	191.40
				FICA SS TAX	37.20	818.40
				FED TAX	59.57	1310.54
				MA ST TAX	28.19	620.15
Current Amount 600.00	Current Deductions 133.66		Net Pay 466.34	YTD Earnings 13,200.00	YTD Deductions 2,940.43	YTD Net Pay 10,259.57
						Check No. 2756

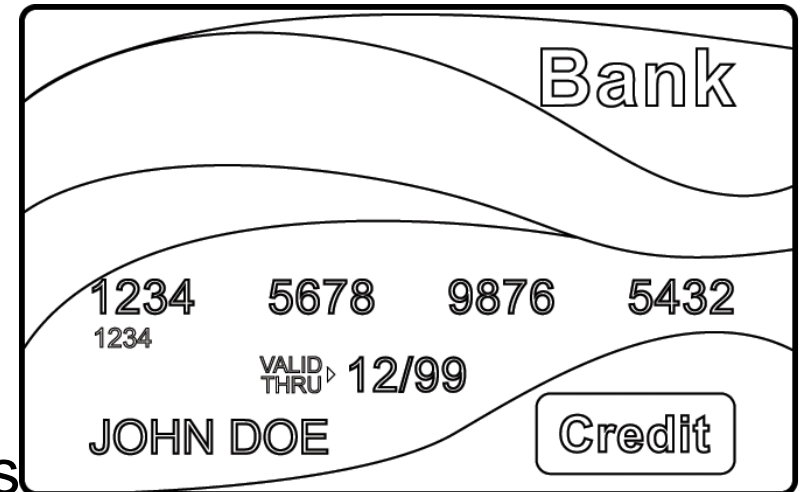
# PREDATORY LENDING



# TYPES OF LOANS 1

## With a **CREDIT CARD**, you can...

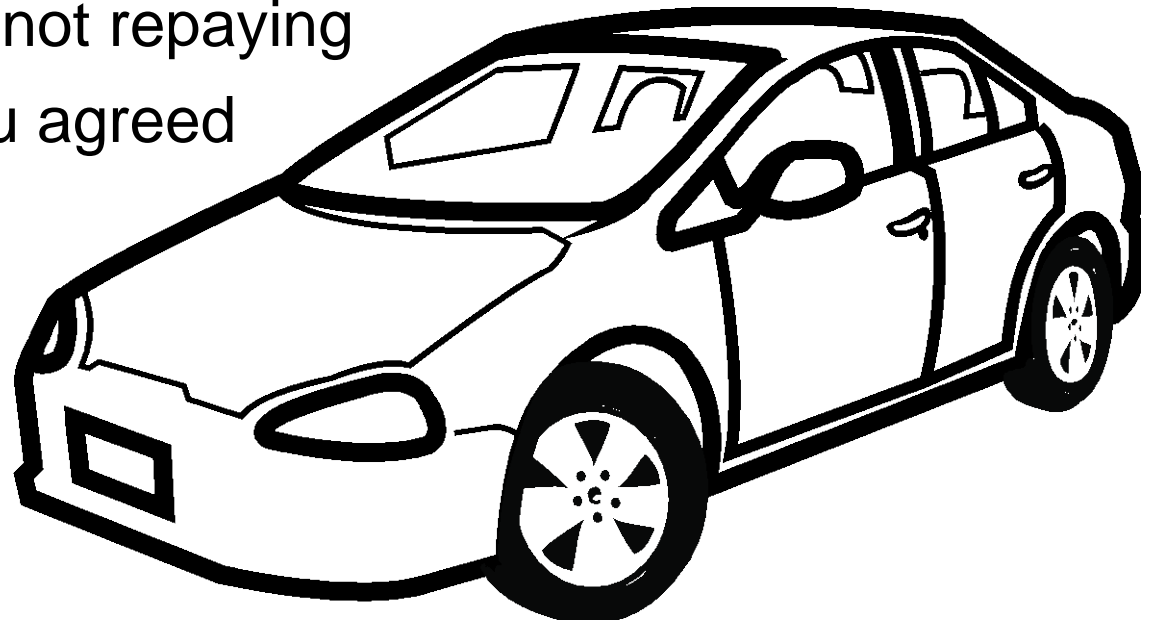
- Buy goods or services and pay for them over time
- Borrow money for household, family, and other personal expenses
- Get into big trouble if you're not careful with spending
- Damage credit by not making required payments or by not paying off credit cards



## TYPES OF LOANS 2

With a **CONSUMER INSTALLMENT LOAN**, you...

- Can pay your personal expenses and your family's expenses
- Can pay the same amount each month in installments for a set period of time
- Can damage credit by not repaying the loan on time as you agreed



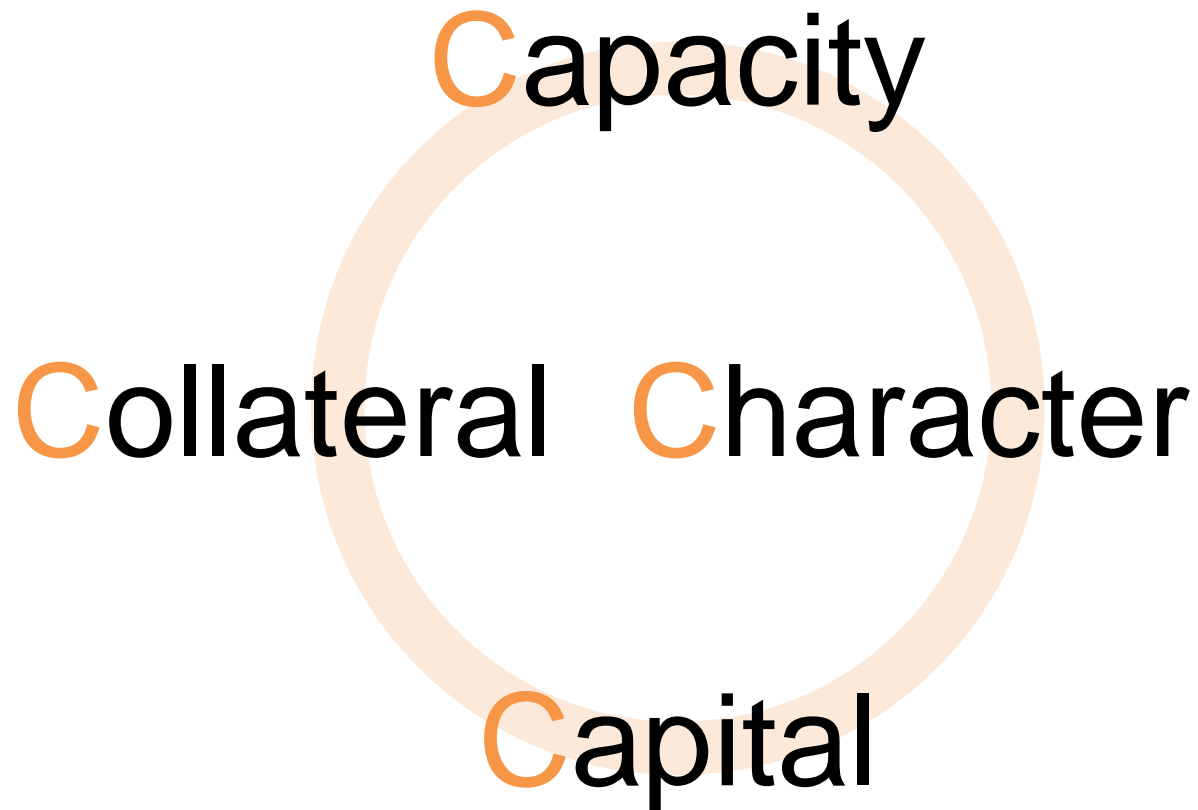
# TYPES OF LOANS 3

**With a HOME LOAN (mortgage), you can...**

- Borrow money for the purpose of buying a house
- Damage credit by skipping payments or paying late



# THE FOUR CS OF CREDIT





# CREDIT REPORT

<b>JOHN Q CONSUMER</b> <b>Report #</b> 1234567	<b>Report Date</b> 01/01/2006
<b>Personal Information</b> 123 Main Street, #2 Somewheresville, USA 01234 <b>SS#:</b> 123-45-6789 <b>DOB:</b> 02/01/68	<b>Employers</b> 1. ABCDE Engineering Corp., Somewheresville, USA 2. Port City Engineering, Anywhere, USA
<b>Potentially Negative Items</b> <b>Televise Cable Comm.</b> <b>Acct#:</b> 1234 5678 1234 5678 <b>Date filed:</b> 05/01/05 <b>Status:</b> Delinquent in collections 120+ days  <b>Amount:</b> \$35.00 <b>Credit limit:</b> N/A	
<b>Accounts in Good Standing</b> <b>XYZ BANKCARD USA</b> <b>Acct#:</b> 0110220 <b>Date added:</b> 12/12/98 <b>Status:</b> Open/Never Late <b>Monthly payment:</b> \$15.00 <b>High balance:</b> \$129.00 <b>Credit limit:</b> \$1,000.00	<b>Homeowner Credit Services</b> <b>Acct#:</b> 0110220 <b>Date added:</b> 04/23/00 <b>Status:</b> Closed at consumer's request 08/22/2004 <b>Monthly payment:</b> \$0 <b>High balance:</b> \$3,228.00 <b>Credit limit:</b> \$1,000.00
<b>Requests for Credit History</b> <b>VISA Card</b> <b>Address:</b> PO Box 1414, NY, NY 10001 <b>Date:</b> 04/01/05	

# TWO TRUTHS, ONE LIE

## Credit cards...

1. Are used to purchase goods and services
2. Take money from your checking account when used to pay for purchases
3. Are subject to interest charges if not paid in full each month

# CREDIT VERSUS DEBIT

1. Which card requires you to have enough money at the time you pay for something?
2. Which card's balance can increase and accrue charges if you do not pay the entire amount each month?
3. Which card(s) may have fees associated with them?
4. Which card generally offers purchase protections against faulty goods?
5. Which card allows you to pay for unexpected emergencies when you do not have enough money?

# CREDIT CARD FINE PRINT

**Annual Percentage Rate (APR)**

**Penalty APR**

**Fees**

**Grace Period**

**Credit Limit**

**Consumer Protection Laws**

**Credit Card Solicitations**

**Debt-to-Limit Ratio**

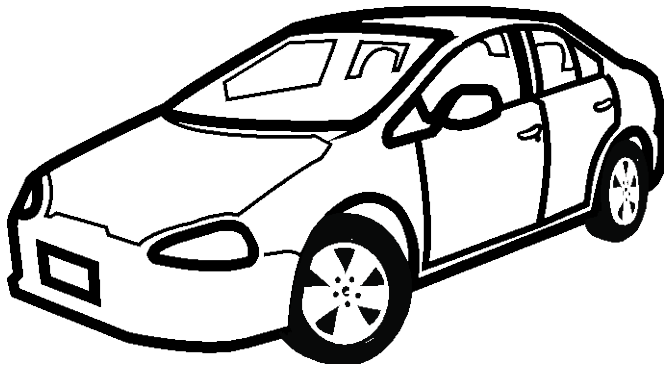
# EASY AS PI

3.14159265358979323846264338327950288419716939937510582097494459230781640628620899862803482534211706798214808651328230  
6647093844609550582231725359408128481117450284102701938521105559644622948954930381964428810975665933446128475648233786  
7831652712019091456485669234603486104543266482133936072602491412737245870066063155881748815209209628292540917153643678  
9259036001133053054882046652138414695194151160943305727036575959195309218611738193261179310511854807446237996274956735  
1885752724891227938183011949129833673362440656643086021394946395224737190702179860943702770539217176293176752384674818  
4676694051320005681271452635608277857713427577896091736371787214684409012249534301465495853710507922796892589235420199  
5611212902196086403441815981362977477130996051870721134999999837297804995105973173281609631859502445945534690830264252  
2308253344685035261931188171010003137838752886587533208381420617177669147303598253490428755468731159562863882353787593  
7519577818577805321712268066130019278766111959092164201989380952572010654858632788659361533818279682303019520353018529  
6899577362259941389124972177528347913151557485724245415069595082953311686172785588907509838175463746493931925506040092  
7701671139009848824012858361603563707660104710181942955596198946767837449448255379774726847104047534646208046684259069  
4912933136770289891521047521620569660240580381501935112533824300355876402474964732639141992726042699227967823547816360  
0934172164121992458631503028618297455570674983850549458858692699569092721079750930295532116534498720275596023648066549  
9119881834797753566369807426542527862551818417574672890977772793800081647060016145249192173217214772350141441973568548  
1613611573525521334757418494684385233239073941433345477624168625189835694855620992192221842725502542568876717904946016  
5346680498862723279178608578438382796797668145410095388378636095068006422512520511739298489608412848862694560424196528  
5022210661186306744278622039194945047123713786960956364371917287467764657573962413890865832645995813390478027590099465  
7640789512694683983525957098258226205224894077267194782684826014769909026401363944374553050682034962524517493996514314  
2980919065925093722169646151570985838741059788595977297549893016175392846813826868386894277415599185592524595395943104  
9972524680845987273644695848653836736222626099124608051243884390451244136549762780797715691435997700129616089441694868  
5558484063534220722258284886481584560285060168427394522674676788952521385225499546667278239864565961163548862305774564  
9803559363456817432411251507606947945109659609402522887971089314566913686722874894056010150330861792868092087476091782  
4938589009714909675985261365549781893129784821682998948722658804857564014270477555132379641451523746234364542858444795  
2658678210511413547357395231134271661021359695362314429524849371871101457654035902799344037420073105785390621983874478  
0847848968332144571386875194350643021845319104848100537061468067491927819119793995206141966342875444064374512371819217  
9998391015919561814675142691239748940907186494231961567945208095146550225231603881930142093762137855956638937787083039  
0697920773467221825625996615014215030680384477345492026054146659252014974428507325186660021324340881907104863317346496  
5145390579626856100550810665879699816357473638405257145910289706414011097120628043903975951567715770042033786993600723  
0558763176359421873125147120532928191826186125867321579198414848829164470609575270695722091756711672291098169091528017  
3506712748583222871835209353965725121083579151369882091444210067510334671103141267111369908658516398315019701651511685  
1714376576183515565088490998985998238734552833163550764791853589322618548963213293308985706420467525907091548141654985  
946163718027098199430992448895757128289059232326097299712084433573265489382391193259746366730583604142813883032038249  
0375898524374417029132765618093773444030707469211201913020330380197621101100449293215160842444859637669838952286847831  
2355265821314495768572624334418930396864262434107732269780280731891544110104468232527162010526522721116603966655730925  
4711055785376346682065310989652691862056476931257058635662018558100729360659876486117910453348850346113657686753249441  
6680396265797877185560845529654126654085306143444318586769751456614068007002378776591344017127494704205622305389945613  
1407112700040785473326993908145466464588079727082668306343285878569830523580893306575740679545716377525420211495576158  
1400250126228594130216471550979259230990796547376125517656751357517829666454779174501129961489030463994713296210734043  
7518957359614589019389713111790429782856475032031986915140287080859904801094121472213179476477726224142548545403321571  
8530614228813758504306332175182979866223717215916077166925474873898665494945011465406284336639379003976926567214638530  
673609657120918076383271664162748888007869256029022847210403172118608204190004229661711963779213375751149595

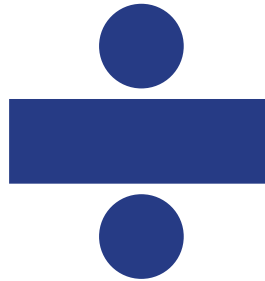
# FINANCIAL RATIOS

## Debt-to-Income:

monthly debt divided by monthly gross income



Car Loan



Electric Electronics Inc. 855 Electronic Avenue Midville, MA 02546					Earnings Statement	
Employee No.	Employee Name	Social Security No.	Period Beg.	Period End	Check Date	
543210	Jerome Roberts	xxx-xx-4321	9/1/2014	9/15/2014	9/15/2014	
Earnings	Hours	Rate	Current Amount	Withholdings/Deductions	Current Amount	Year to Date
Regular pay	40.00	15.00	600.00	FICAMED TAX	8.70	191.40
				FICASS TAX	37.20	818.40
				FED TAX	59.57	1310.54
				MA ST TAX	28.19	620.15
				401K	25.00	400.00
Current Amount	Current Deductions	Net Pay	YTD Earnings	YTD Deductions	YTD Net Pay	Check No.
600.00	158.36	441.34	13,200.00	3,340.49	9,859.57	2756

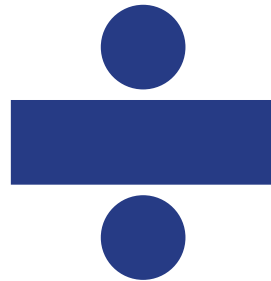
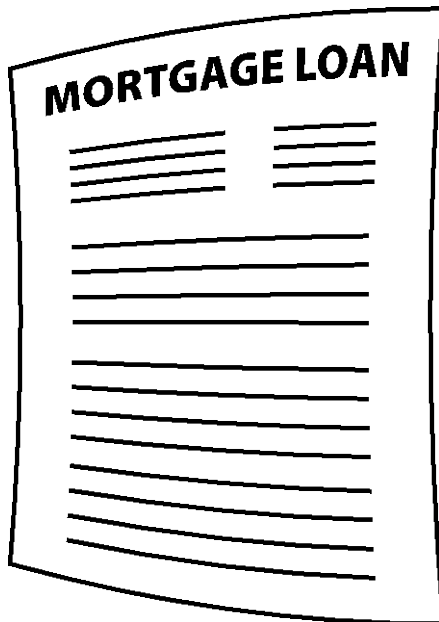
# FINANCIAL RATIOS

## Debt-to-Assets:

**liabilities divided by assets**

**Liabilities** are money owed, or debt obligations

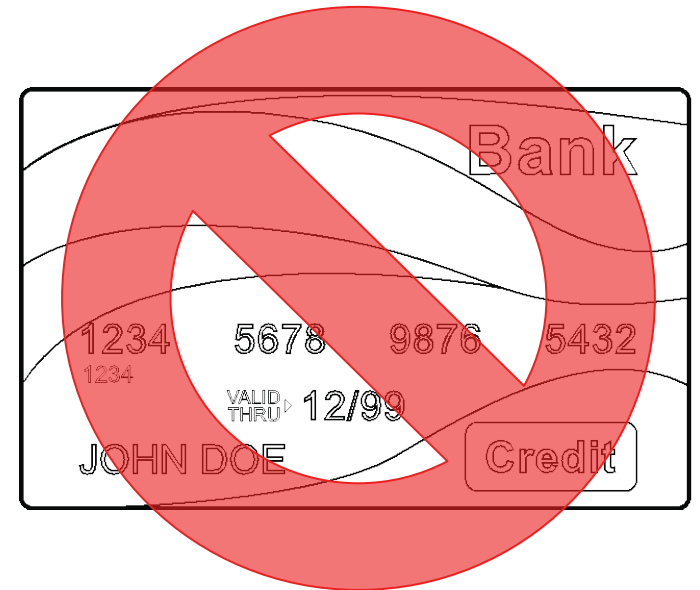
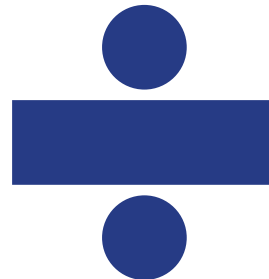
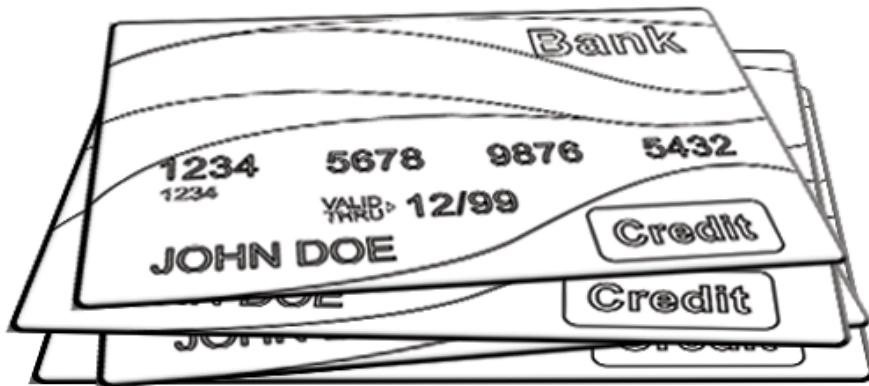
**Assets** are items of value that can be converted into cash



# FINANCIAL RATIOS

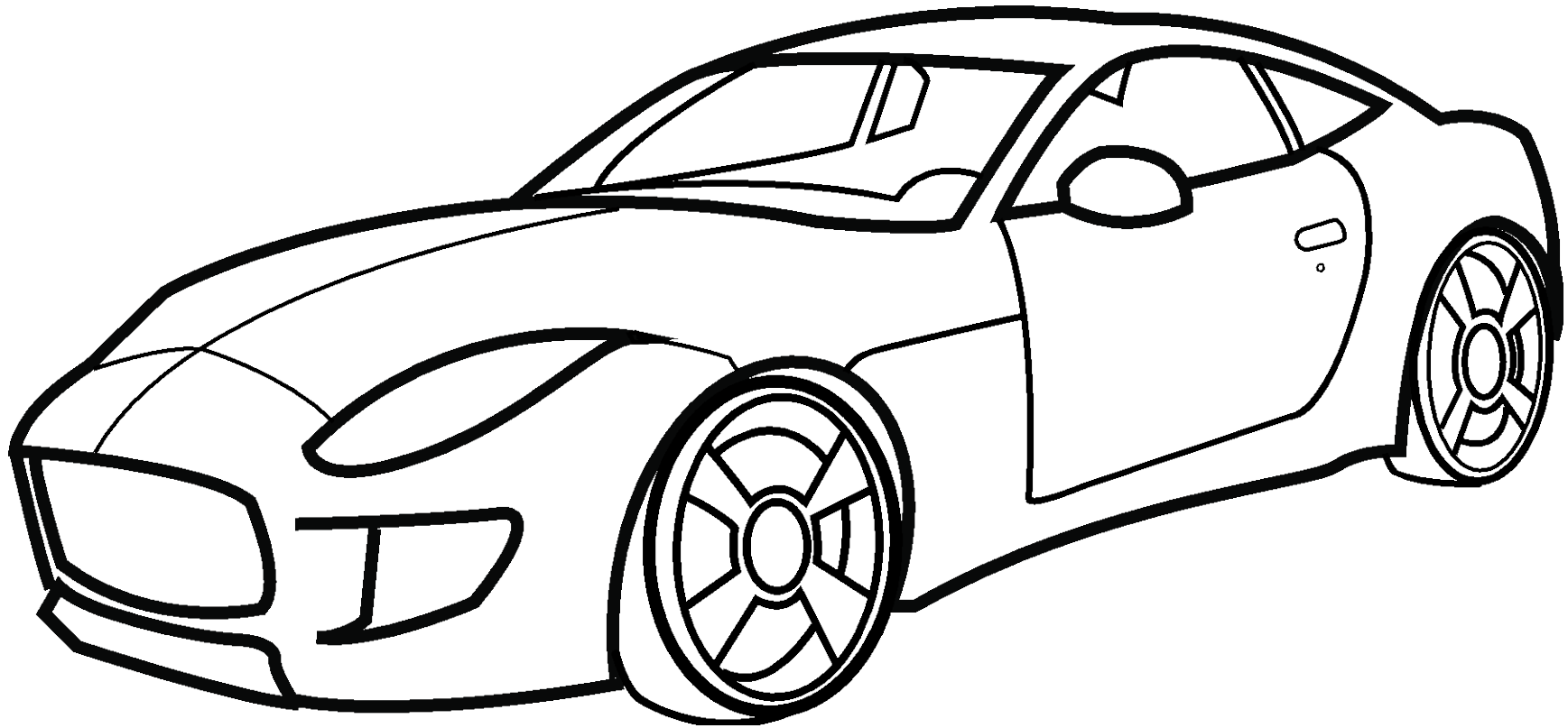
## Debt-to-Limits:

**credit debt divided by credit limit**

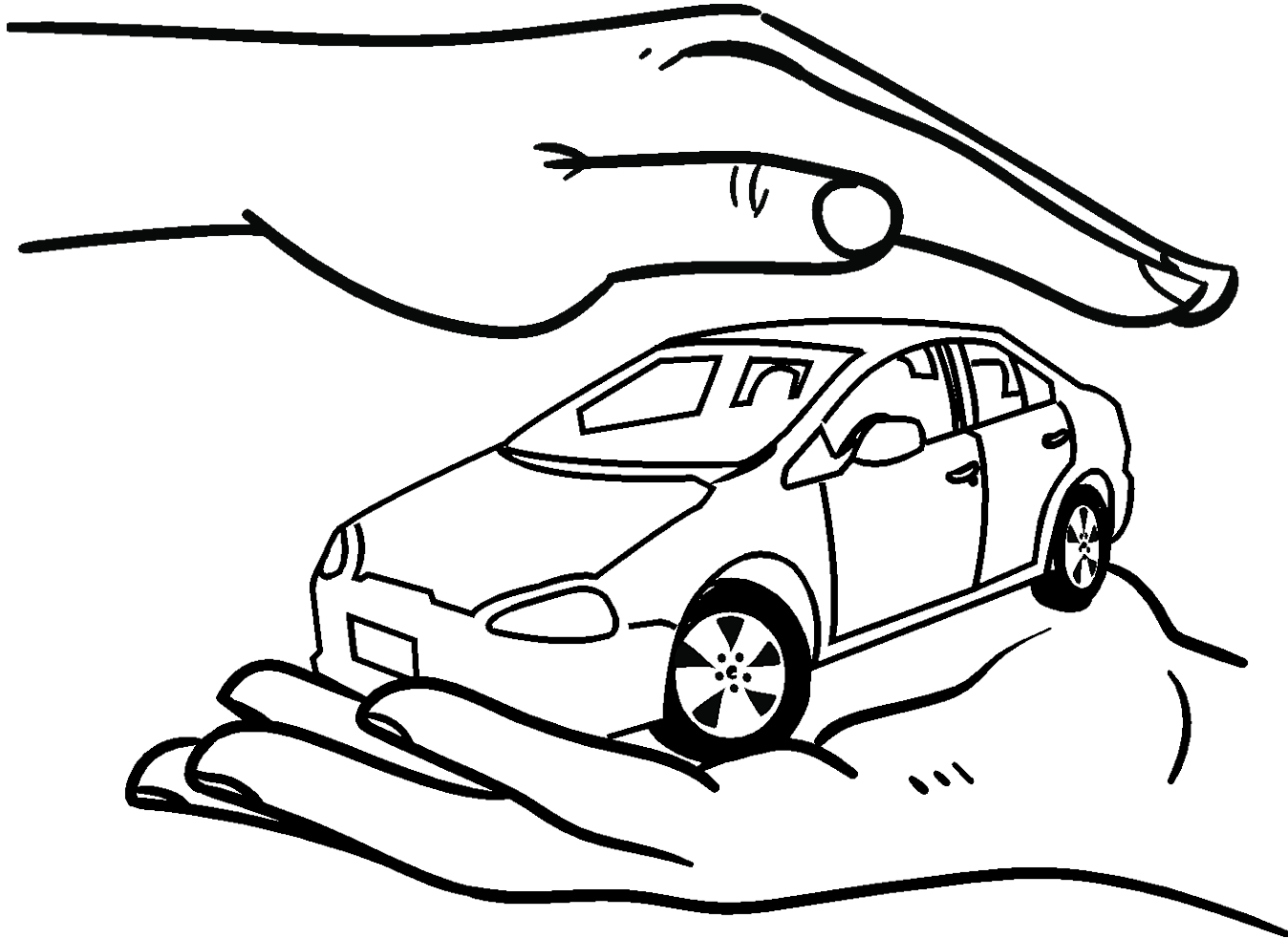




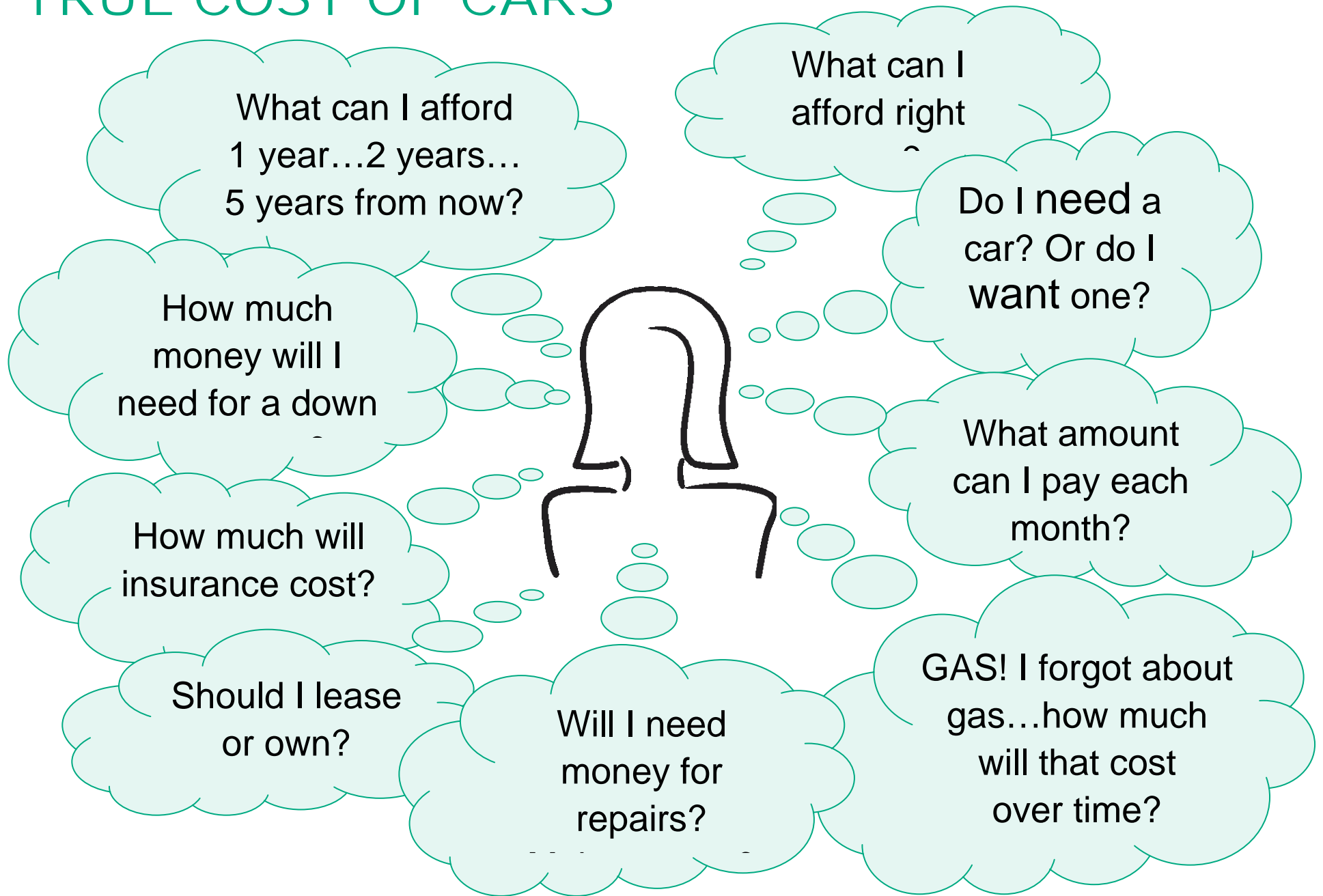
# REALITY CHECK 1



## REALITY CHECK 2



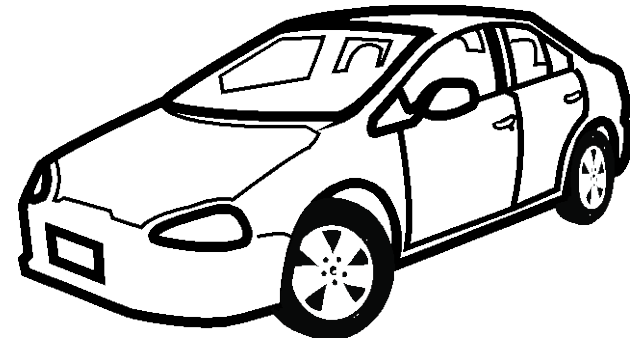
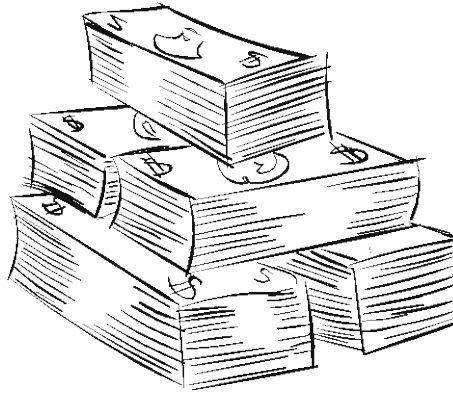
# TRUE COST OF CARS



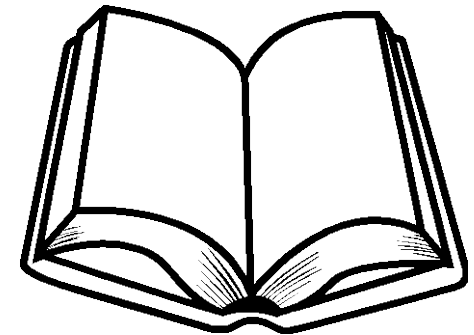
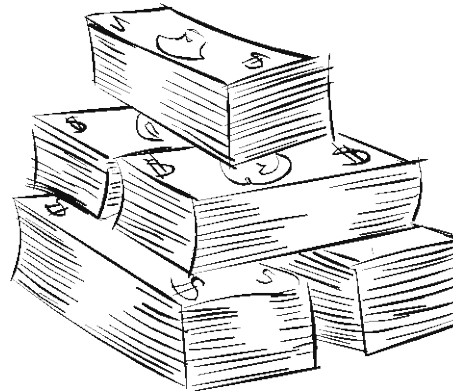
# SECURE OR UNSECURED?

## Types of Installment Loans

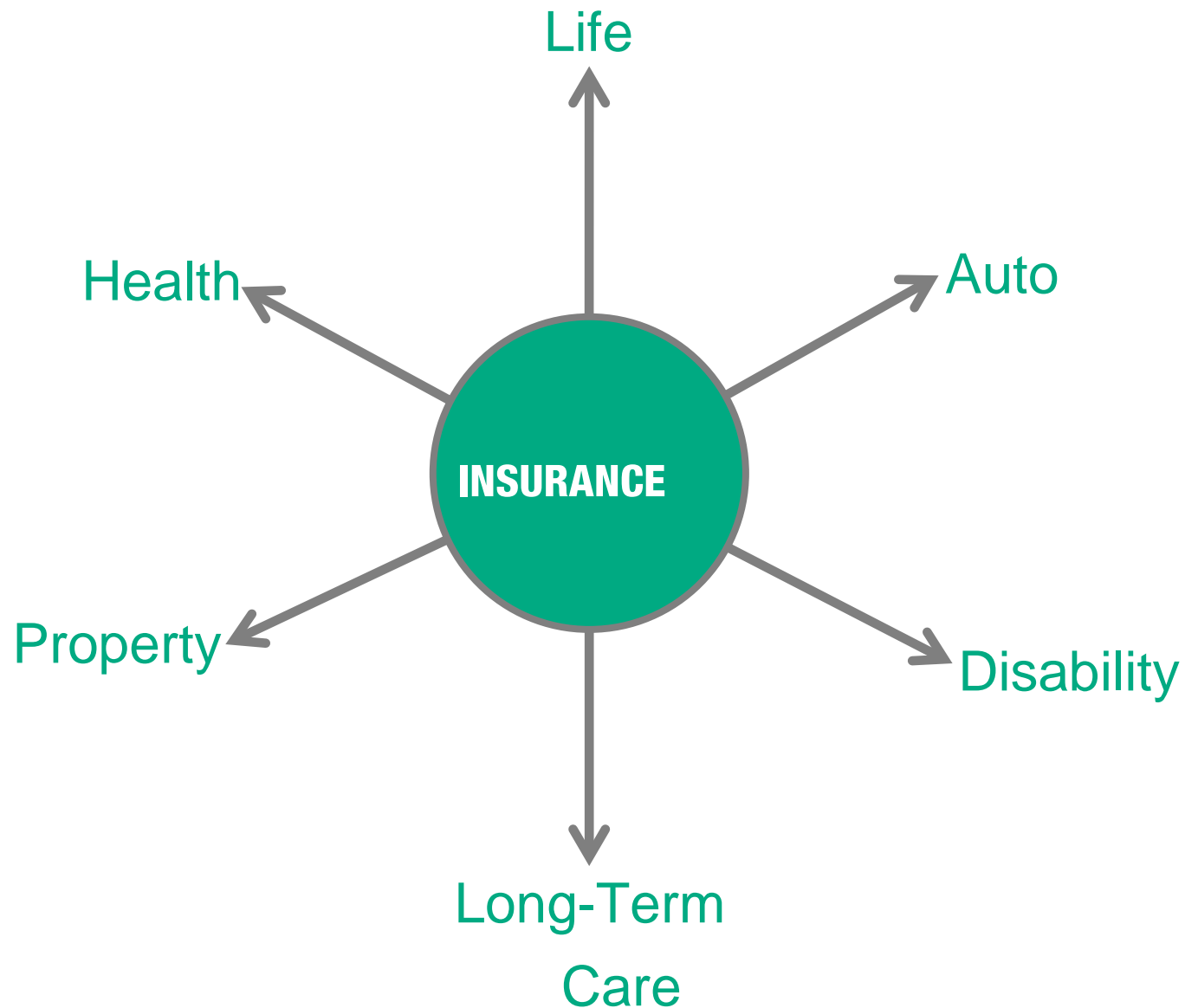
**Secure** = collateral



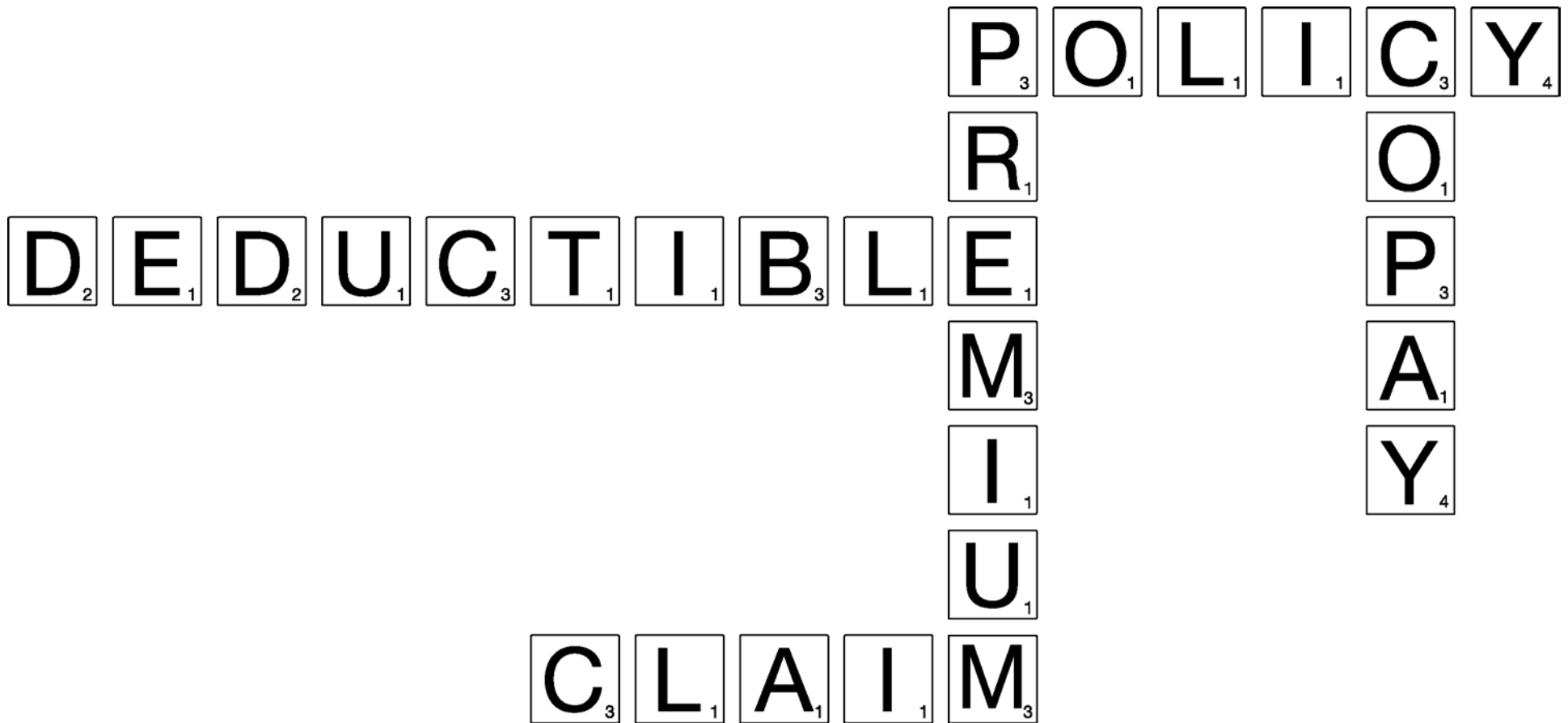
**Unsecured** = no collateral



# TYPES OF INSURANCE



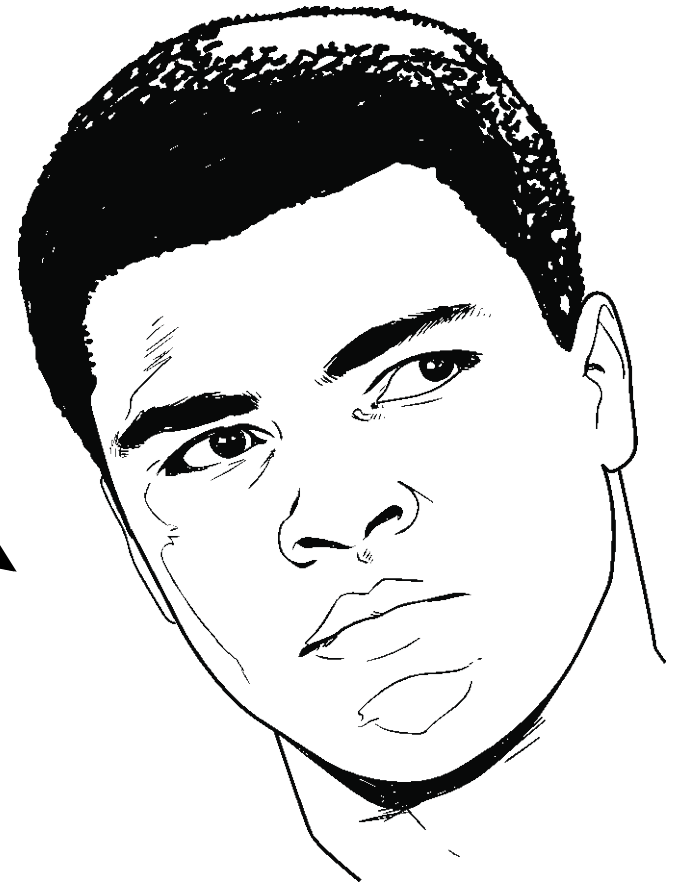
# INSURANCE LINGO



Policy   Claim   Premium   Deductible   Co-Pay

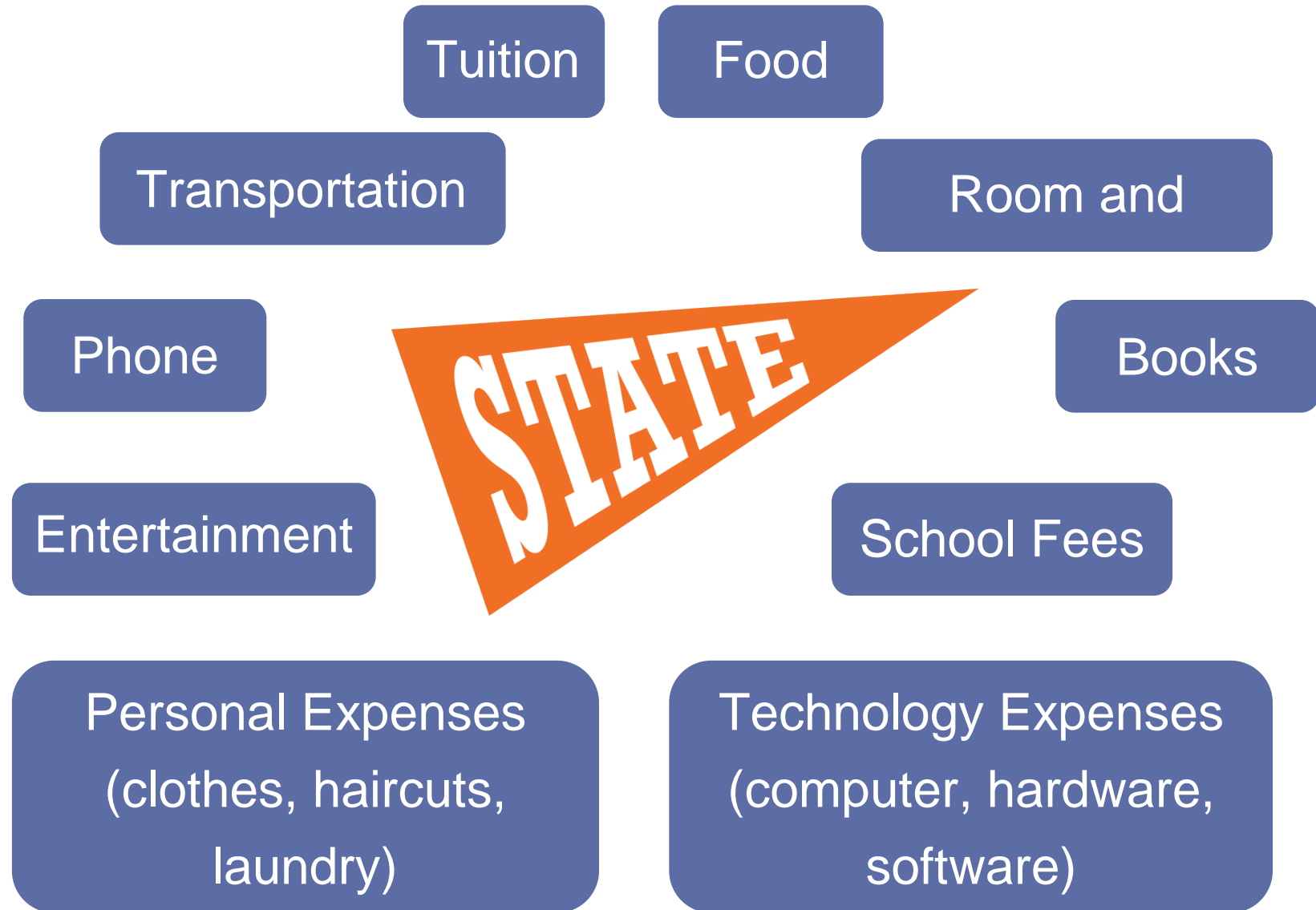
# WHAT IS YOUR SKILL AND WILL?

Champions aren't made in gyms. Champions are made from something they have deep inside them, a desire, a dream, a vision. They have to have the skill and the will. But the will must be stronger than the skill.



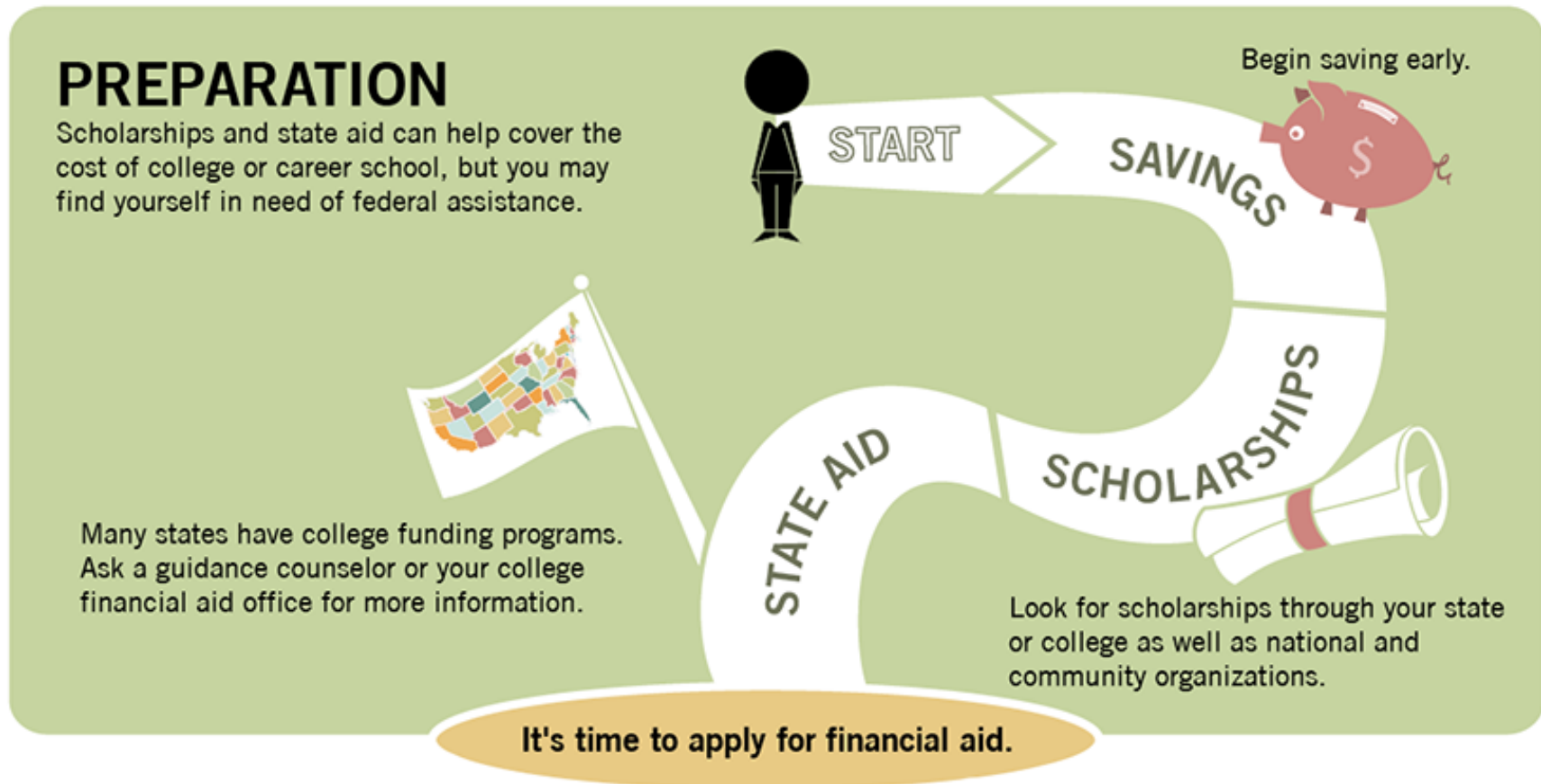
MUHAMMAD ALI

# COST OF COLLEGE



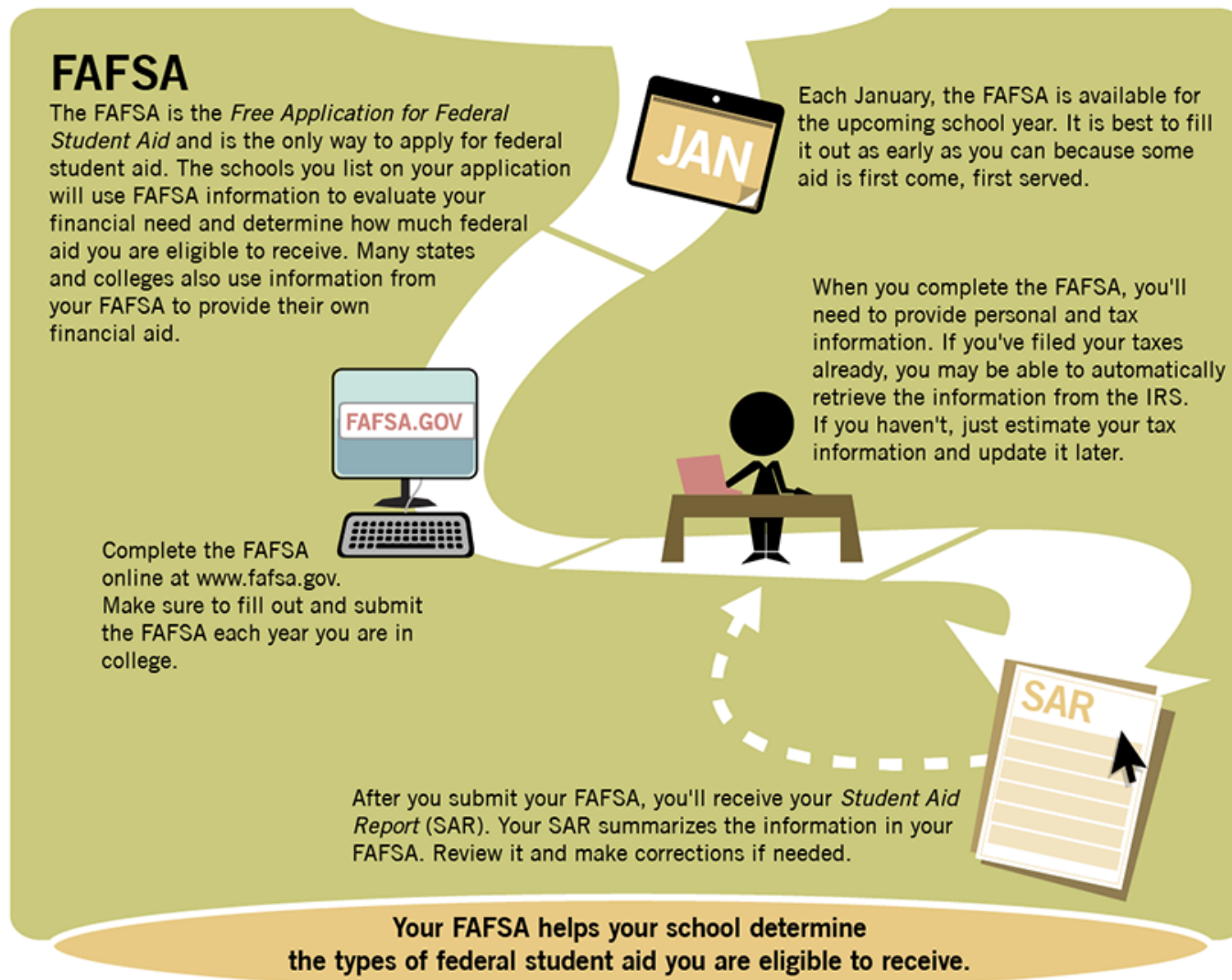


# THE FINANCIAL AID PROCESS



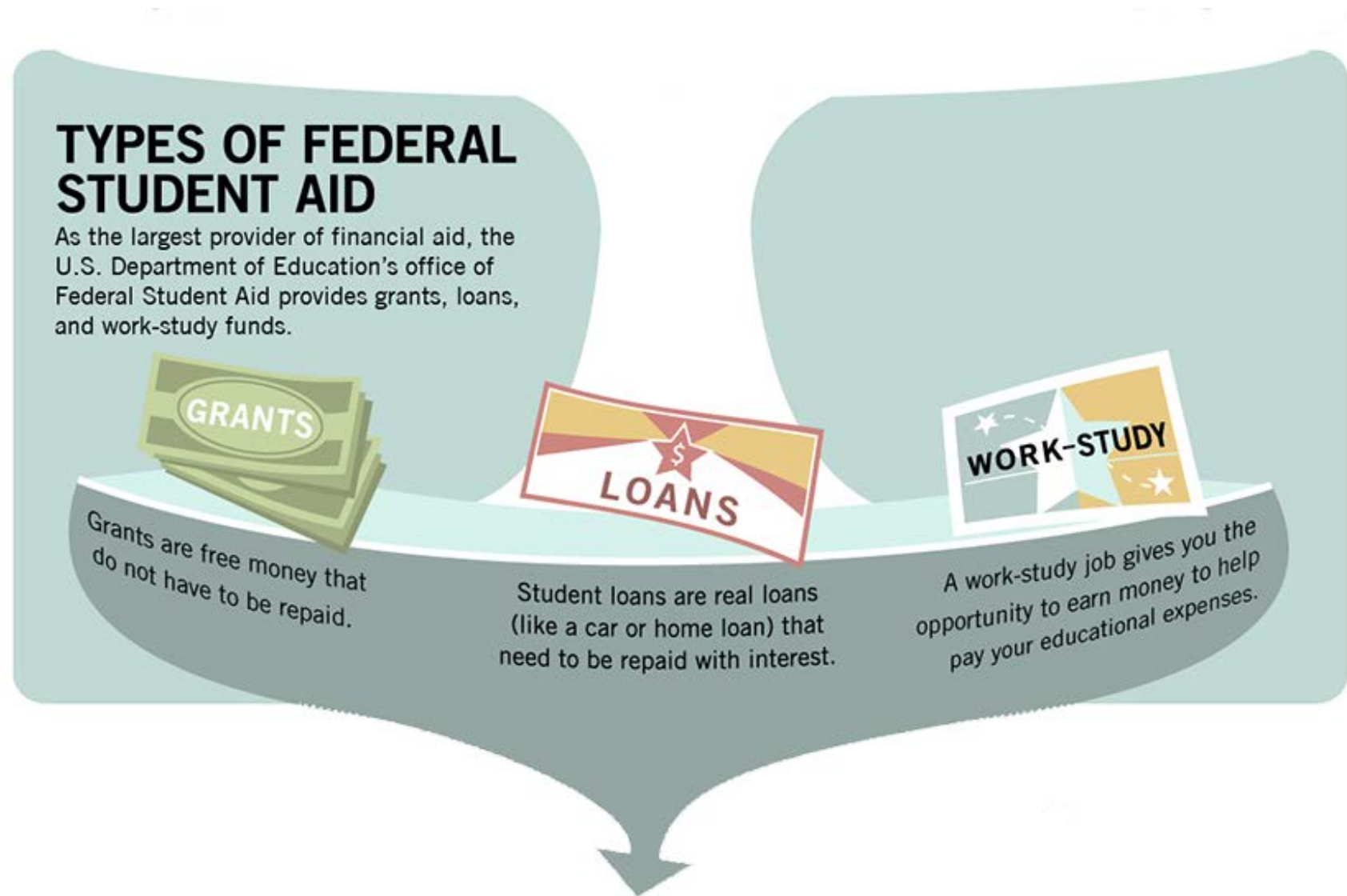
Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>

# THE FINANCIAL AID PROCESS (CONTINUED)



Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>

# THE FINANCIAL AID PROCESS (CONTINUED)

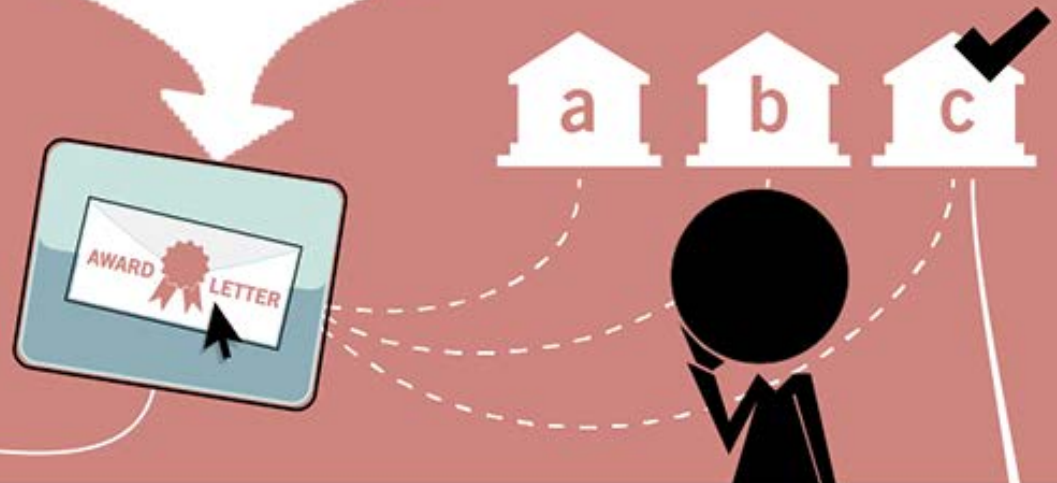


Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>

# THE FINANCIAL AID PROCESS (CONTINUED)

## AWARD

Your award letter explains the combination of federal grants, loans, and work-study a college is offering you. The offer might also contain state and institutional aid. If you receive award letters from multiple colleges or career schools, you should compare them and decide which school works best for you.



Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>

# THE FINANCIAL AID PROCESS (CONTINUED)

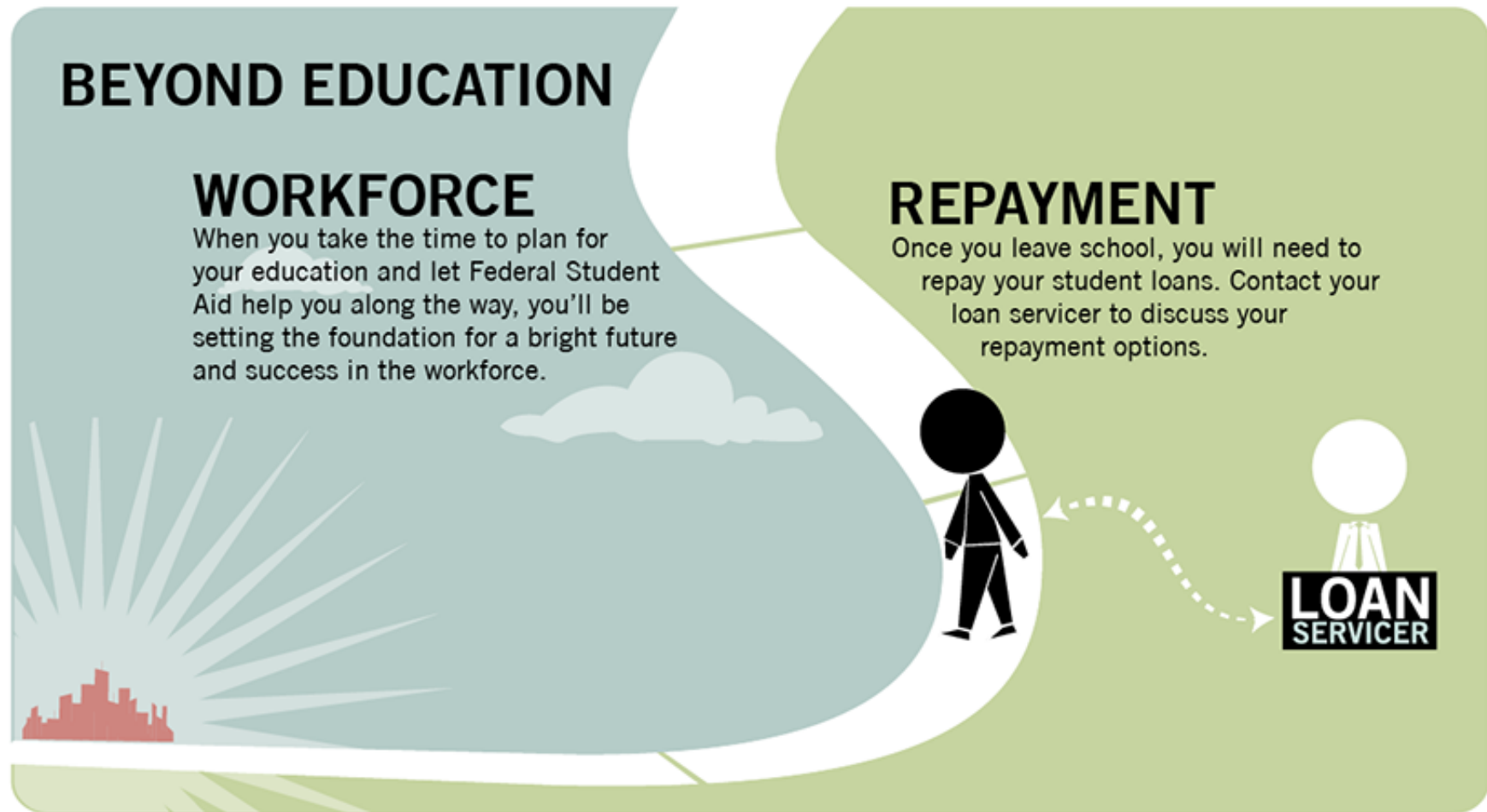
## COLLEGE

Every year, millions of new students attend college or career school for the first time. Your college or career school has a financial aid office to help guide you along the way.



Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>

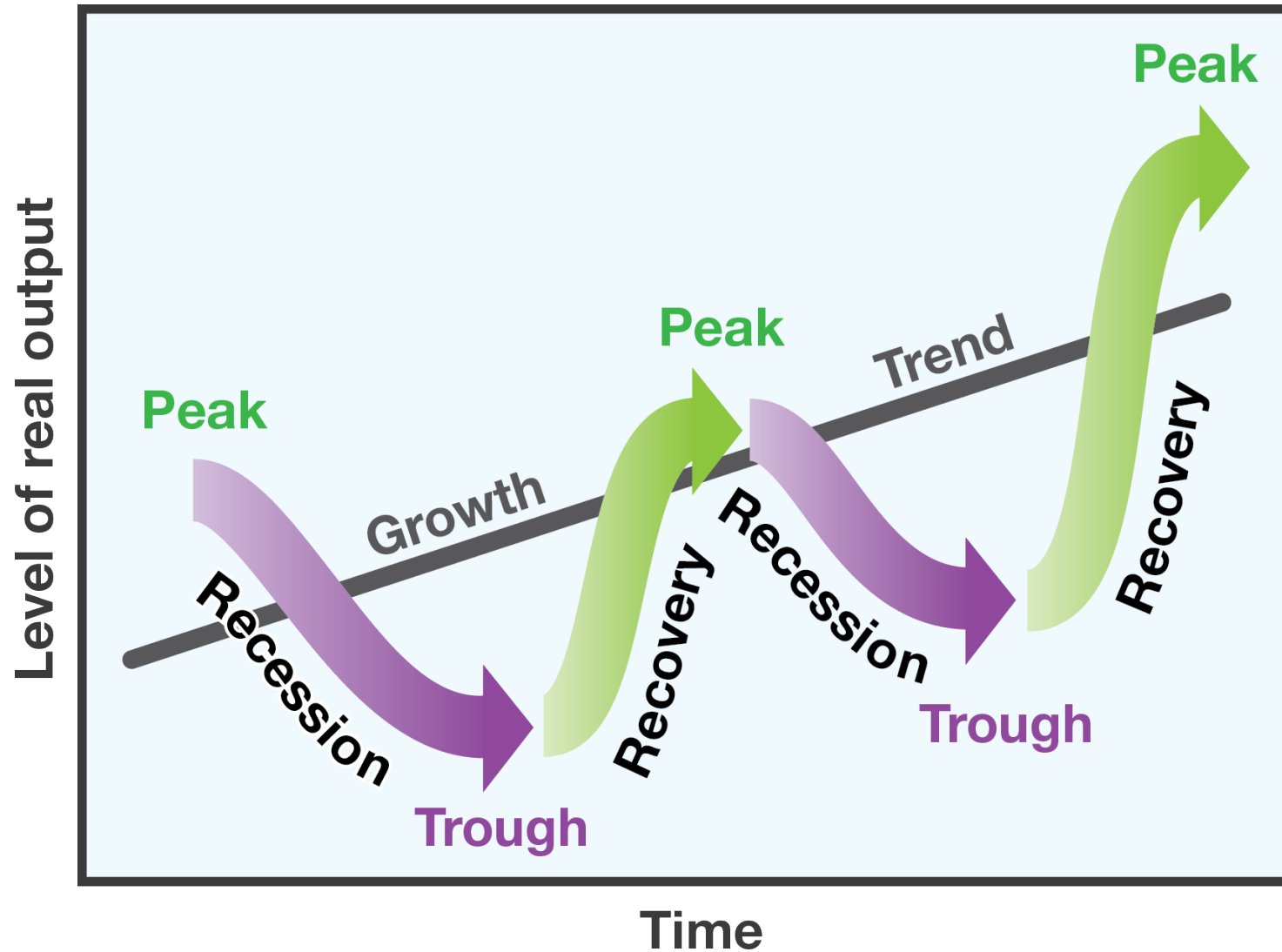
# THE FINANCIAL AID PROCESS (CONTINUED)



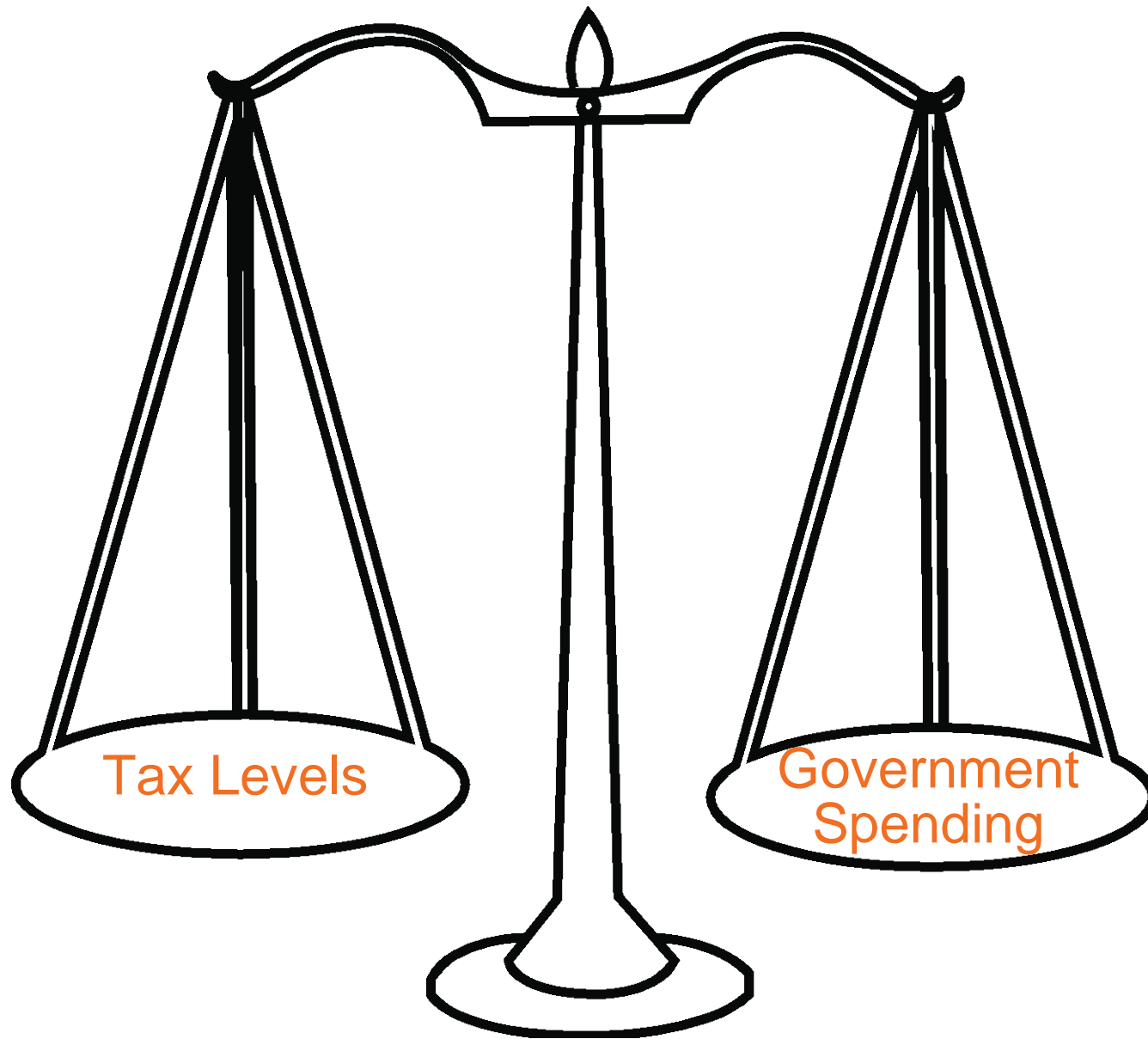
Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>



# ECONOMIC CYCLES

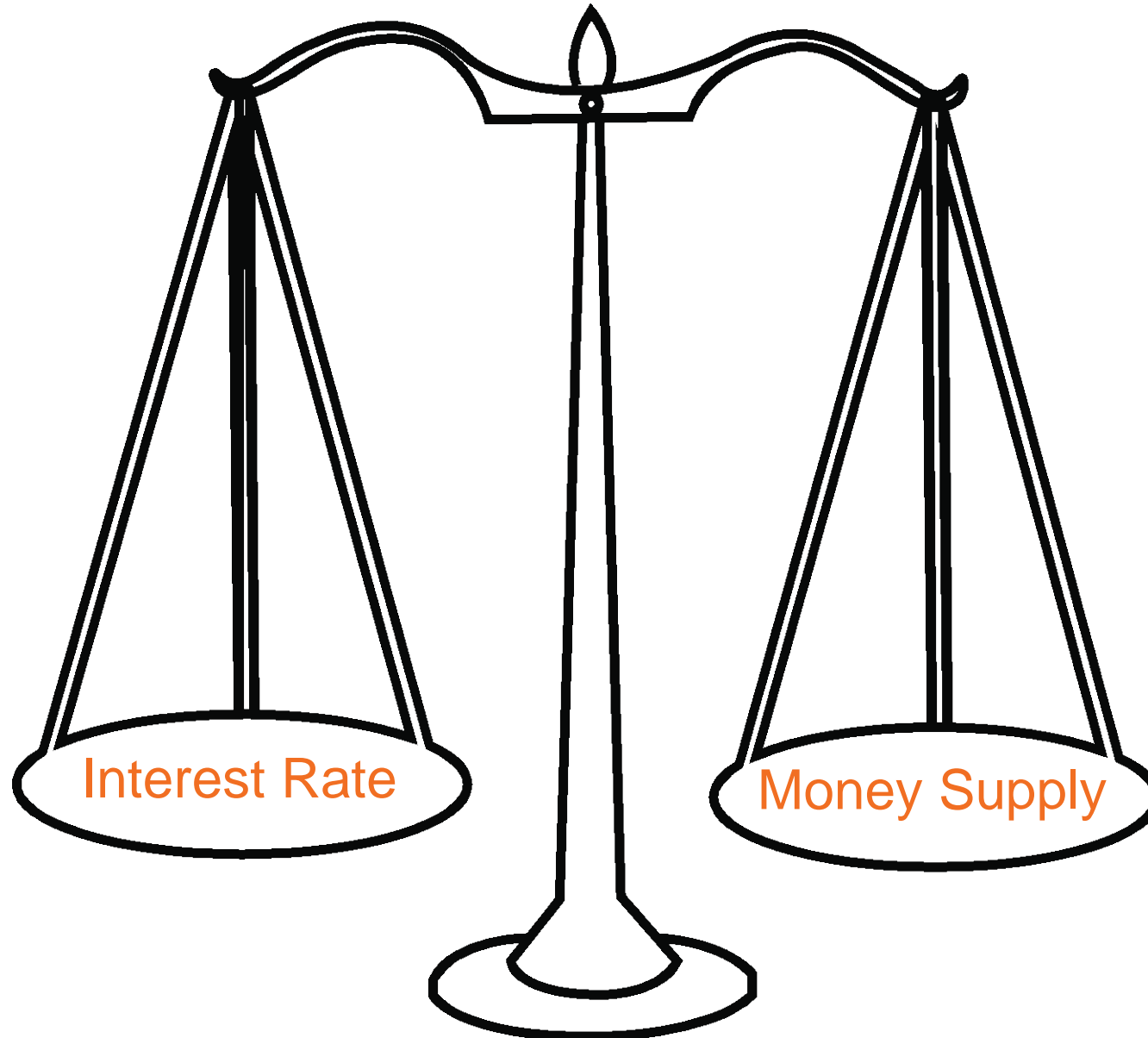


# FISCAL POLICY





# MONETARY POLICY



# INVESTMENT VEHICLES: STOCKS

When you buy a **stock**, you own part of the company, called a **share**. When the company does well, you may receive **dividends** or a portion of the company's profits.



The value of your investment changes as the company's stock price changes. When you sell the stock, you may receive more or less money than what you paid for it.

# INVESTMENT VEHICLES: BONDS

**Bonds** are loans to corporations or to the government for a set period of time, or a **term**. You earn interest on your investment, and bonds can be purchased for as little as \$25.

# INVESTMENT VEHICLES: MUTUAL FUNDS

**Mutual funds** are offered by companies that combine money from many investors to purchase numerous separate investments (for example: some include a mix of stocks and bonds or even a mix of stocks of companies in several different countries). They may pay dividends and they may also gain or lose money over time.

By combining your money with the money of other investors, you can **diversify** even a small investment.

# INVESTMENT VEHICLES: DIVERSIFICATION

**Diversification** means “do not put all of your eggs in one basket.” It spreads the risk of loss across many investment options.



# INVESTMENT VEHICLES: RETIREMENT ACCOUNTS

**Individual Retirement Accounts (IRAs):** IRAs are designed to help you save money for your retirement. Your contributions are generally tax-deductible. IRAs can include FDIC-insured deposit accounts offered by banks, and non-deposit investment accounts offered by investment firms that may include stocks or bonds.

## **Employer Retirement Accounts:**

A **401(k)** plan is a retirement savings plan established by an employer that lets its employees set aside a percentage of their pay for retirement before taxes are taken out. This can help lower your tax bill.

A **403(b)** plan is a retirement savings plan for employees of public schools and certain tax-exempt organizations.

# INVESTOR CONSIDERATIONS

**Risk Tolerance:** willingness to lose some or all of an investment in exchange for greater potential returns

**Diversification:** spreading your assets across multiple investments

**Asset Allocation:** the distribution of assets among investments to balance risk and reward

**Rate of Return:** the percentage of money earned or lost on investments

# MONEY GROWS

If you start with a \$100 principal and add \$200 to your retirement account each month, how much can you save by the time you are 65?

If you start at age 25...

Principal	\$100.00
Monthly Contributions	\$200.00
Years to Grow	40
Interest Rate (compounded annually)	7%
TOTAL	\$480,621.71

If you start at age 45...

Principal	\$100.00
Monthly Contributions	\$200.00
Years to Grow	20
Interest Rate (compounded annually)	7%
TOTAL	\$98,776.15

Would you rather have less than \$100,000 or  
almost half a million dollars?!



# RETIREMENT VEHICLES: WHERE TO SAVE?\*

<p>Roth Individual Retirement Account (Roth IRA)</p> <ul style="list-style-type: none"><li>• You open the account</li><li>• Can contribute up to \$5,500 annually</li><li>• Not tax-deductible</li><li>• No employer match</li><li>• After-tax contributions (you do not pay taxes on the money when it is withdrawn)</li></ul>	<p>Traditional Individual Retirement Account (Traditional IRA)</p> <ul style="list-style-type: none"><li>• You open the account</li><li>• Can contribute up to \$5,500 annually</li><li>• Tax-deductible</li><li>• No employer match</li><li>• Pre-tax contributions (you are not taxed until the money is withdrawn)</li></ul>
<p>401(K)</p> <ul style="list-style-type: none"><li>• Your company offers the account</li><li>• Can contribute up to \$18,000 annually</li><li>• Tax-deductible</li><li>• Possible employer match</li><li>• Pre-tax contributions (you are not taxed until the money is withdrawn)</li></ul>	<p>401(B)</p> <ul style="list-style-type: none"><li>• If you work at a public school or a tax-exempt organization, your school or organization offers the account</li><li>• Tax-deductible</li><li>• Can contribute up to \$18,000 annually</li><li>• Possible employer match</li><li>• Pre-tax contributions (you are not taxed until the money is withdrawn)</li></ul>

\*Contribution limits based on 2014

# RETIREMENT VEHICLES: WHERE TO SAVE IF SELF-EMPLOYED?\*

## Simplified Employee Pension Individual Retirement Account (SEP IRA)

- You open the account. It functions as a traditional IRA for self-employed, like single-member businesses or freelance income
- Contributions are made by the employer, not employees
- Can contribute up to 25% (limit \$52,000) of net income
- Contributions are tax-deductible for your business
- Pre-tax contributions (you are not taxed until the money is withdrawn)

## Simple Individual Retirement Account (Simple IRA)

- Acts like a traditional IRA for small businesses that may have employees
- Contributions may be made by employees, but employers are required to contribute on behalf of employees
- Employee can contribute a percentage of salary up to \$12,500
- Employers must contribute 2% or a 1-to-1 match up to 3%
- Contributions are tax-deductible for the business
- Pre-tax contributions (you are not taxed until the money is withdrawn)

\*Contribution limits based on 2014

# PROS & CONS OF RENTING



- Not responsible for property maintenance
- Generally under a rental contract, or lease, for one year or less, creating greater flexibility to move
- You don't have costs associated with homeownership, like property taxes and homeowner's insurance. You may, however, have renter's insurance.



- You are not the owner of the home
- Your rent might increase over time
- You might not always be able to renew your lease
- You will not receive a federal tax deduction for rent payments, but when you own a home, mortgage interest is tax-deductible

# PROS & CONS OF BUYING

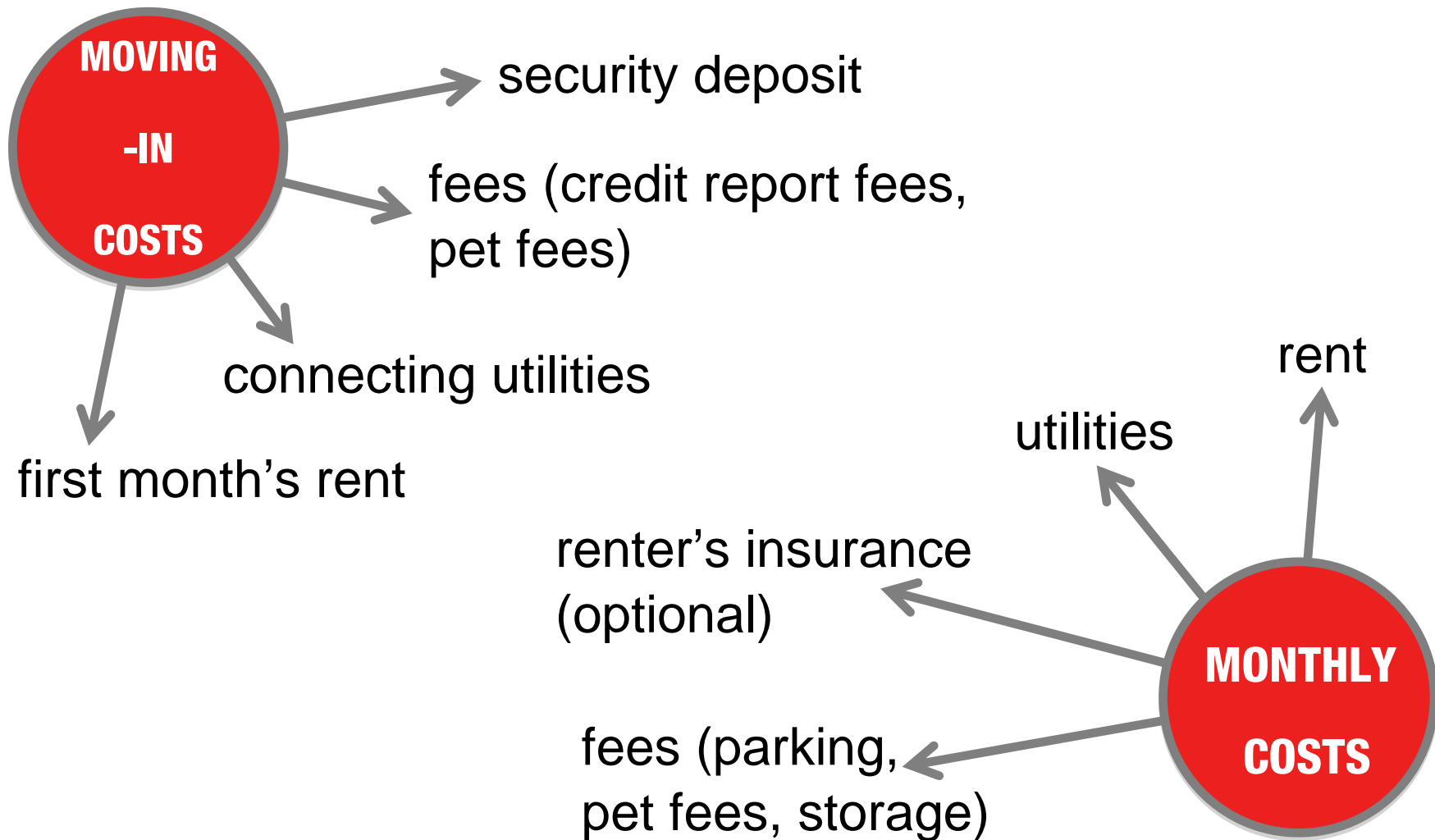


- You may build equity, which is the value of your home minus the debt you owe on it
- Once you pay the mortgage in full, you own the home!
- Your income tax may be reduced, because mortgage interest and property taxes are generally tax deductible



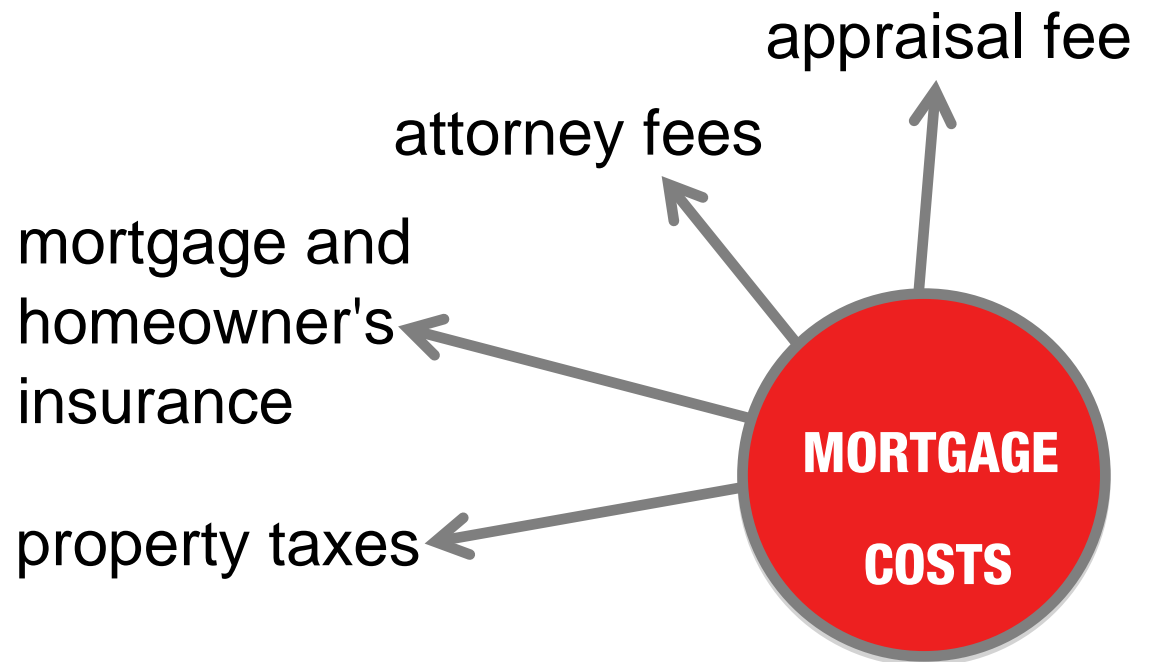
- You will have to purchase homeowner's insurance and possibly other insurance such as flood insurance
- Buying a home requires more cash up front for a down payment
- You may need to purchase additional insurance, such as that covering earthquakes or floods
- It is not as easy to move when you own a home
- You may have to pay monthly condominium or homeowner association fees. These vary considerably, but generally cover expenses such as the maintenance of common areas in your community.

# RENTING COSTS



# BUYING COSTS

A **mortgage** is a loan, provided by a financial institution, to buy a house or condo. Most first-time home buyers obtain a mortgage to help finance the home.



# HOUSING CHALLENGE 1

Jay is moving out on his own next month. He found a great apartment for \$695 a month. His total net income is \$1,590 and his current expenses, between his car, food, entertainment, and cell phone are about \$950 each month, give or take \$100.

Jay is signing the lease on the dotted line today. Is his choice wise?



## HOUSING CHALLENGE 2

Rionna graduated from college several years ago, and her career as a graphic designer is going well. She works for one of the largest design firms in her area. Since she has started working, she has always rented a studio apartment to save on costs but now she is ready for more space. She has been shopping for houses, but she decided to wait to buy until next year because by then she will have saved up enough money to put a 10% down payment on the home.

Rionna will buy a house next year with a 10% down payment. Is her choice wise?





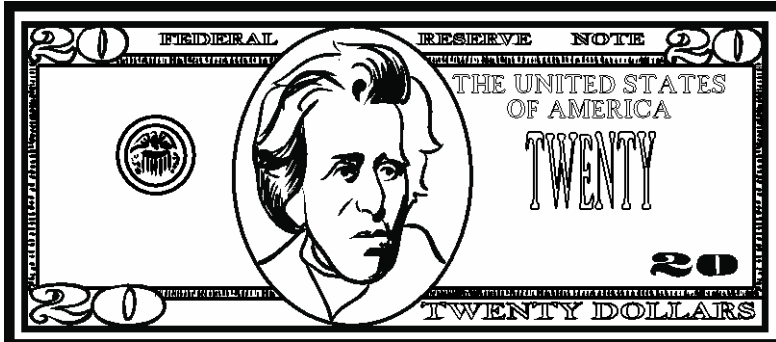
# HOUSING CHALLENGE 3

Mason has a steady job as a law clerk, but is living with his parents at home to save money while he prepares to buy a house. He has been approved for a \$200,000 mortgage. If he decides to borrow the full amount, his monthly mortgage payments would be \$1,300. Mason earns \$2,800 net pay each month and his expenses include credit card payments (\$500), groceries and eating out (\$300), entertainment (\$200), car payment (\$250), and cell phone (\$75).

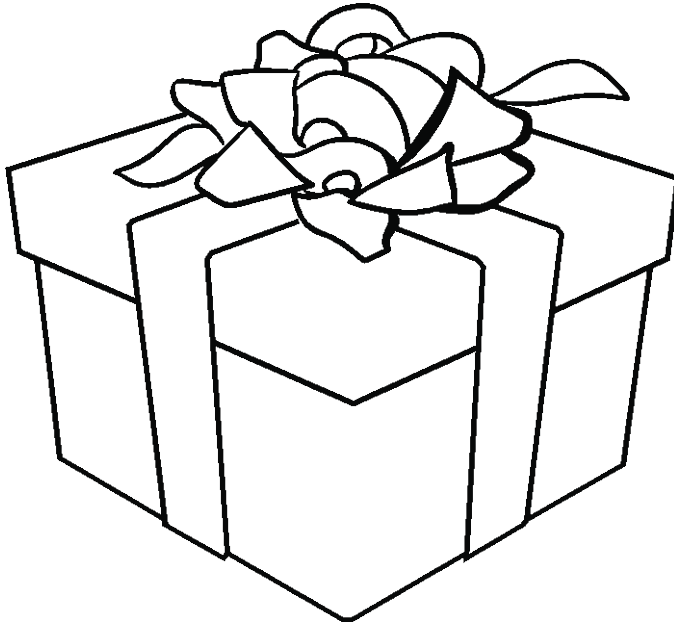
Mason finds a home he likes for \$195,000 and decides to put in a full-price offer. Is his choice wise?



# SPEND, SAVE, GIVE



Spend

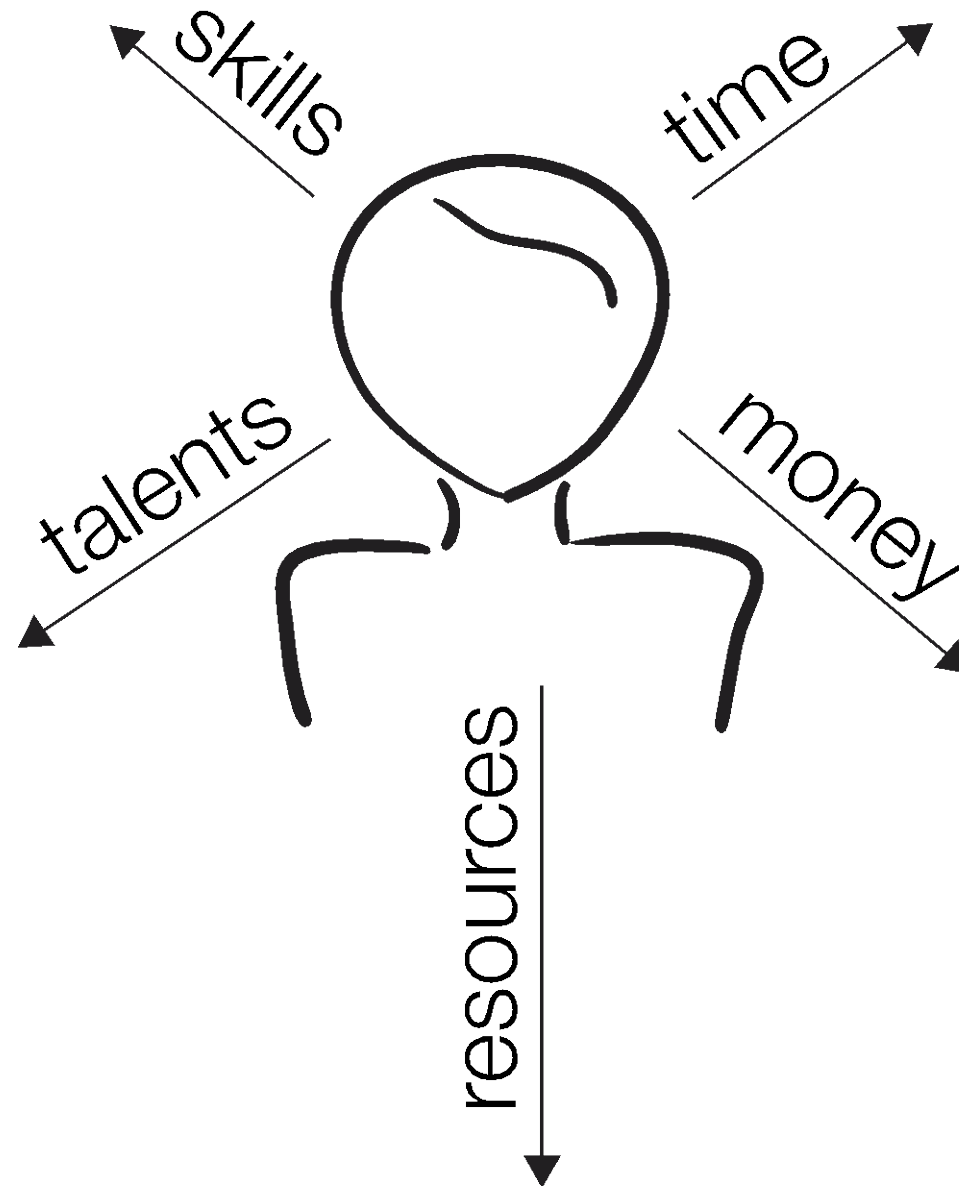


Give

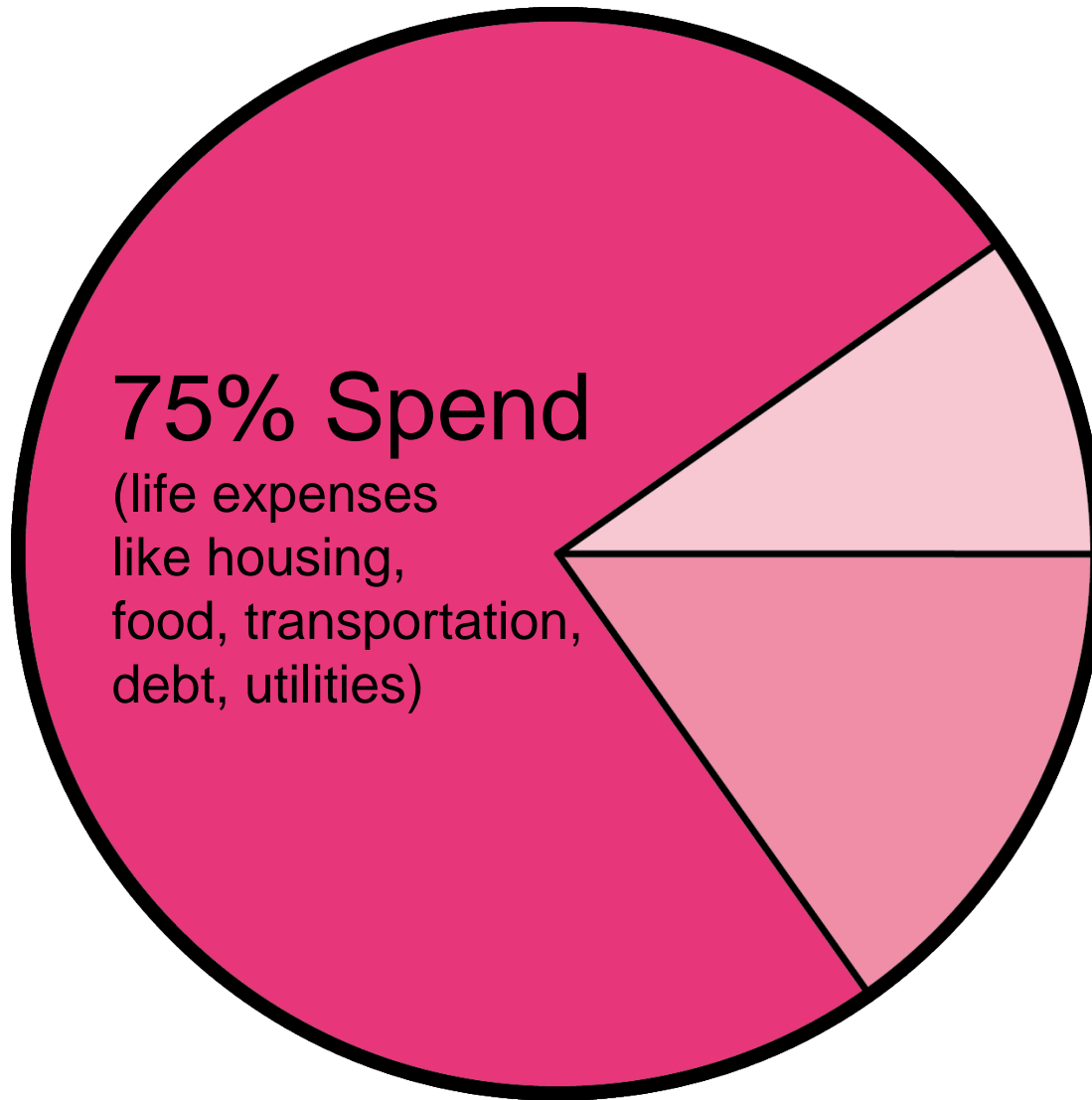


Save

# PHILANTHROPY



# BUDGET: SPEND, SAVE, GIVE



**10% Give**

(donations to support the common good)

---

**15% Save**

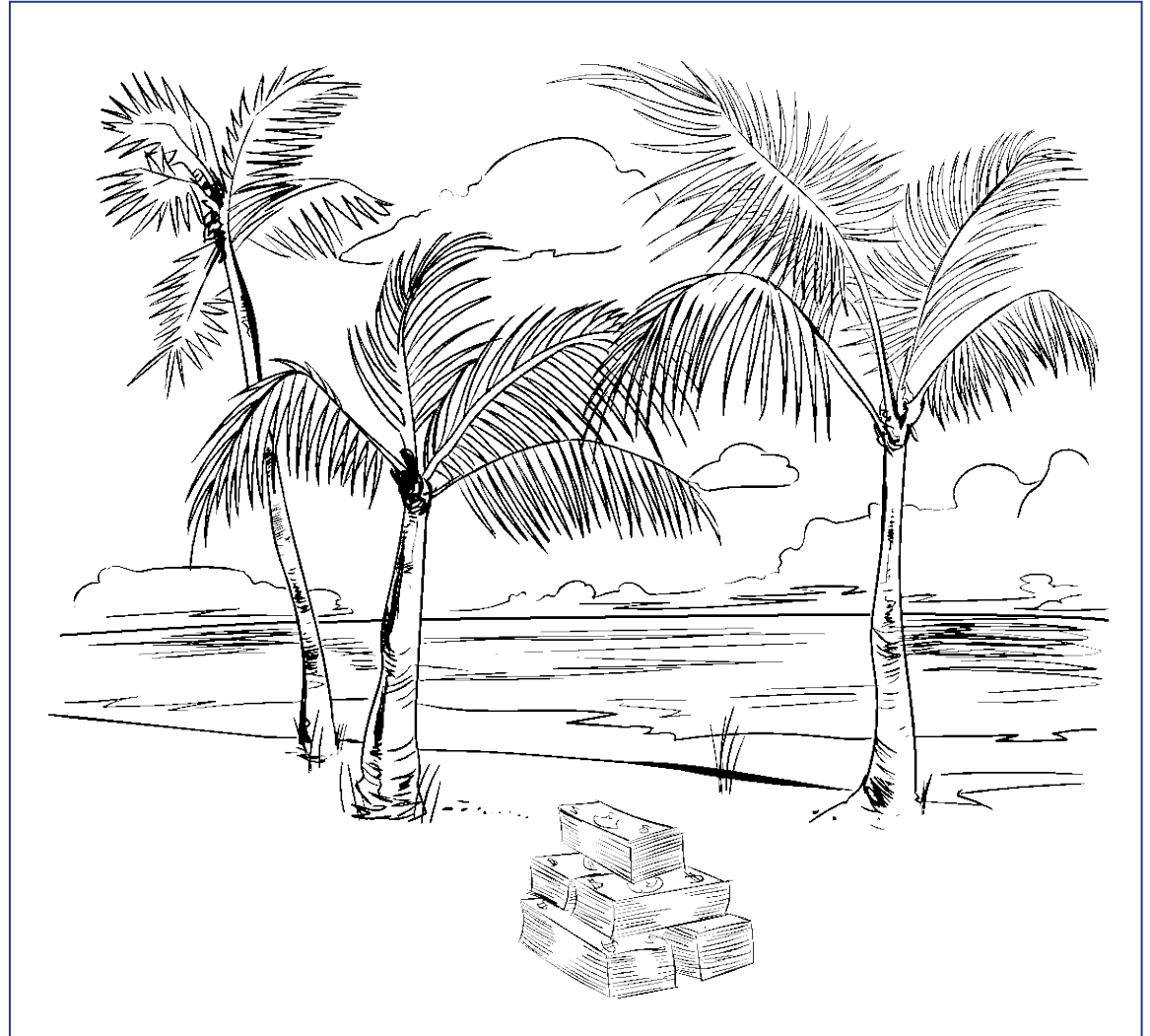
(personal savings and investing)

# MONEY MAROONED

Your family is



You are here



## What would you do?

# ESTATE PLANNING: TRUSTS & WILLS

**Will:** legal document that you create outlining your last wishes

**Trust:** legal document used to transfer your property with the ability to set stipulations and conditions before an heir receives your assets (such as a minor child turning 18 before he or she inherits property)



# ESTATE PLANNING: POWER OF ATTORNEY

**Power of Attorney:** when you grant permission to someone to handle your affairs if you are unable to do so yourself

# ESTATE PLANNING: EXAMPLE OF TITLES

## Tenancy in Common

- Shared ownership of a property
- Ex. five people each holding title to one property (does not have to be equal shares)



## Joint Tenancy

- Shared ownership of a property with equal shares
- If one owner dies, the other owner(s) have **Right of Survivorship**, meaning the share of the property is transferred to them

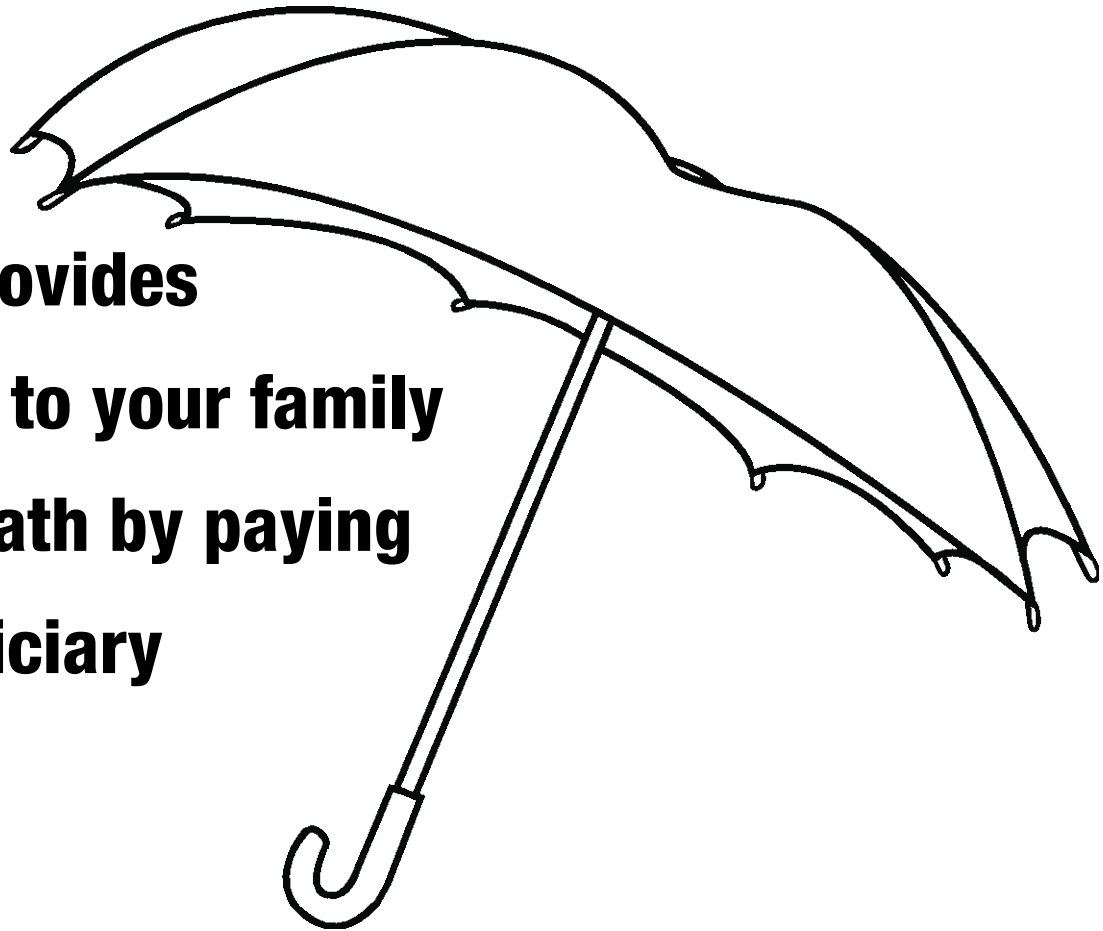
## Tenancy in Entirety

- Shared ownership of a property between a husband and wife
- A surviving spouse has **Right of Survivorship** and becomes the



# ESTATE PLANNING: LIFE INSURANCE

**Life Insurance:** provides  
financial security to your family  
in the event of death by paying  
money to a beneficiary



# CREDIBILITY 1



## CREDIBILITY 2



# IDENTITY THEFT



There is only one of you...  
or is there?

# WHAT DO THIEVES DO WITH YOUR INFORMATION?

- Get into your bank accounts and steal your money
- Use your name to open up credit cards and run up the bills
- Set up utilities and rental agreements using your name
- Take out a loan in your name
- They may even try to use your health insurance!

# TYPES OF IDENTITY THEFT: PHISHING

## **Phishing is when criminals:**

- Send out unsolicited, or spam, e-mails that appear to be from a legitimate source: perhaps from your bank, school, well-known merchants, your Internet service provider, or even a trusted government agency (e.g., the FDIC)
- Attempt to trick you into divulging personal information

# TYPES OF IDENTITY THEFT: PHARMING

- Criminals seek to obtain personal or private information by making fake websites appear legitimate
- Your browser will even show that you are at the correct website
- This makes pharming more difficult to detect than phishing

# TYPES OF IDENTITY THEFT: TEXT MESSAGE SPAM

- Similar to e-mail spam, but on your cell phone
- Criminals often text offers of free gifts or low-cost credit offers with a link
- Clicking the link can install malware on your phone, which is how your personal information is captured



You have been selected  
for a FREE Caribbean  
cruise. Go to  
[freecruise4u2day.com](http://freecruise4u2day.com)  
to claim your prize!



# JOB SCAMS

- Promise work, but usually ask you to pay for training or services
- They never deliver the promised employment
- They often advertise on real job websites, so it can be hard to tell them apart from true employment opportunities

Earn \$500 per week  
GUARANTEED! Sign up  
today and get  
started!

# BUSINESS TYPES



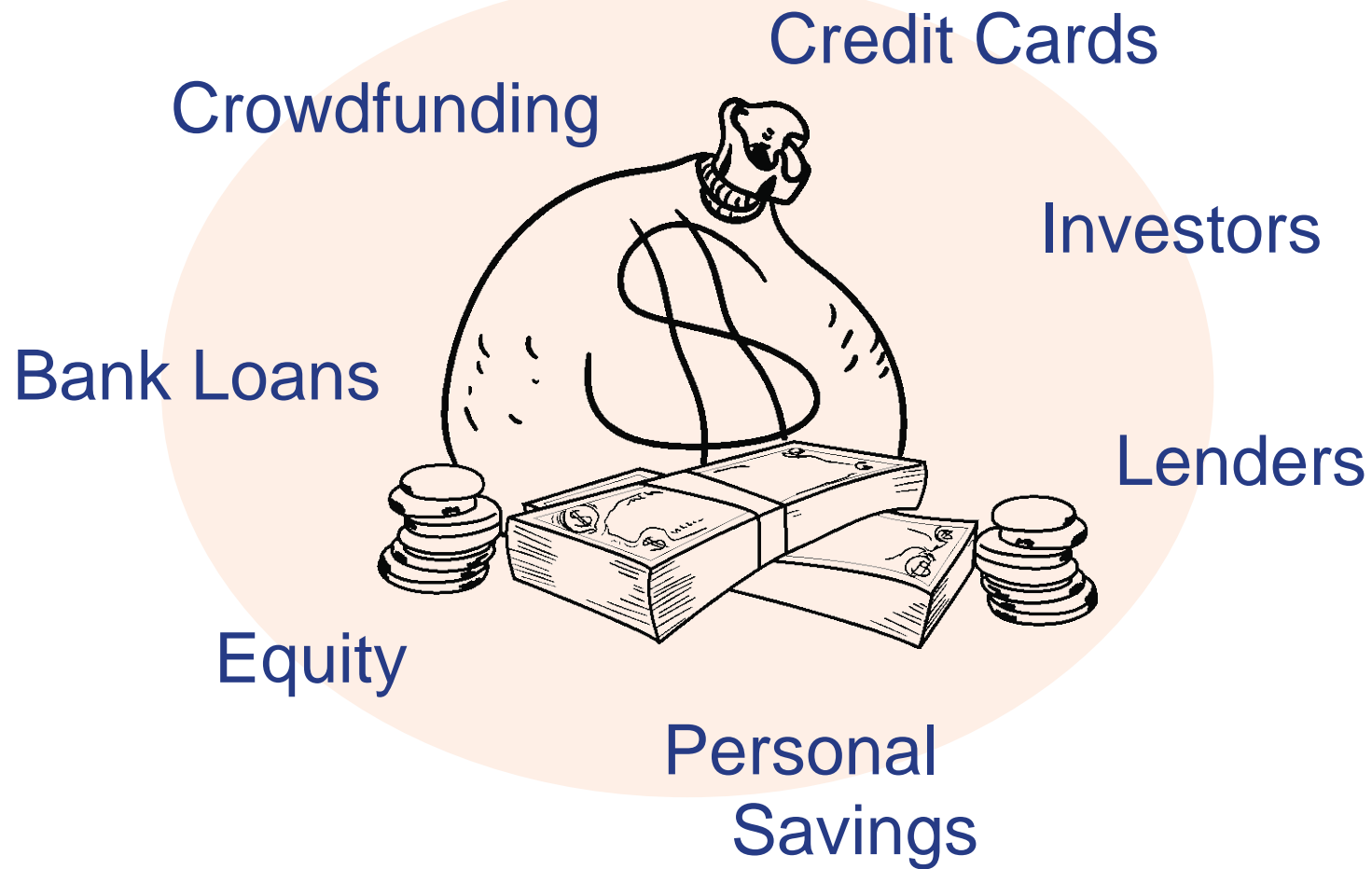
# BUSINESS BUDGETING: FINANCIAL STATEMENTS

**Profit and Loss Statement:** includes revenues, expenses, and costs incurred by a business during a set period of time.

**Balance Sheet:** shows a company's liabilities, owner's equity, and assets at a set point in time.

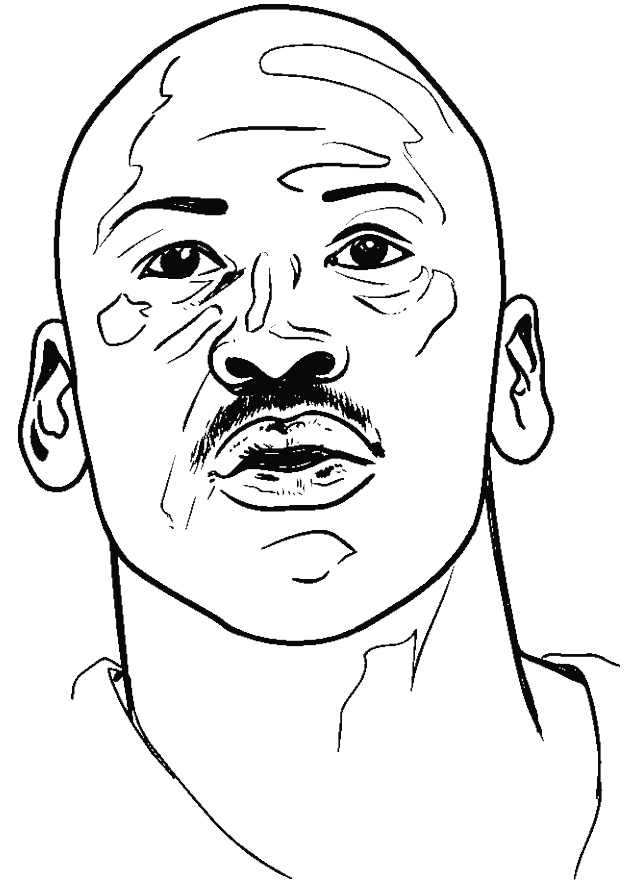
**Cash Flow Statement:** tracks money coming in and going out of the business.

# START-UP CAPITAL



# FAILURE = FUEL TO SUCCESS

I have taken more than 9,000 shots in my career. I have lost almost 300 games. Twenty-six times I have been trusted to take the game winning shot and missed. I have failed over and over again in my life; and that is why I succeed.



MICHAEL JORDAN

# TAX REQUIREMENTS

**Income Tax (federal, state, city)**

**Self-Employment Tax**

**Employment Taxes**

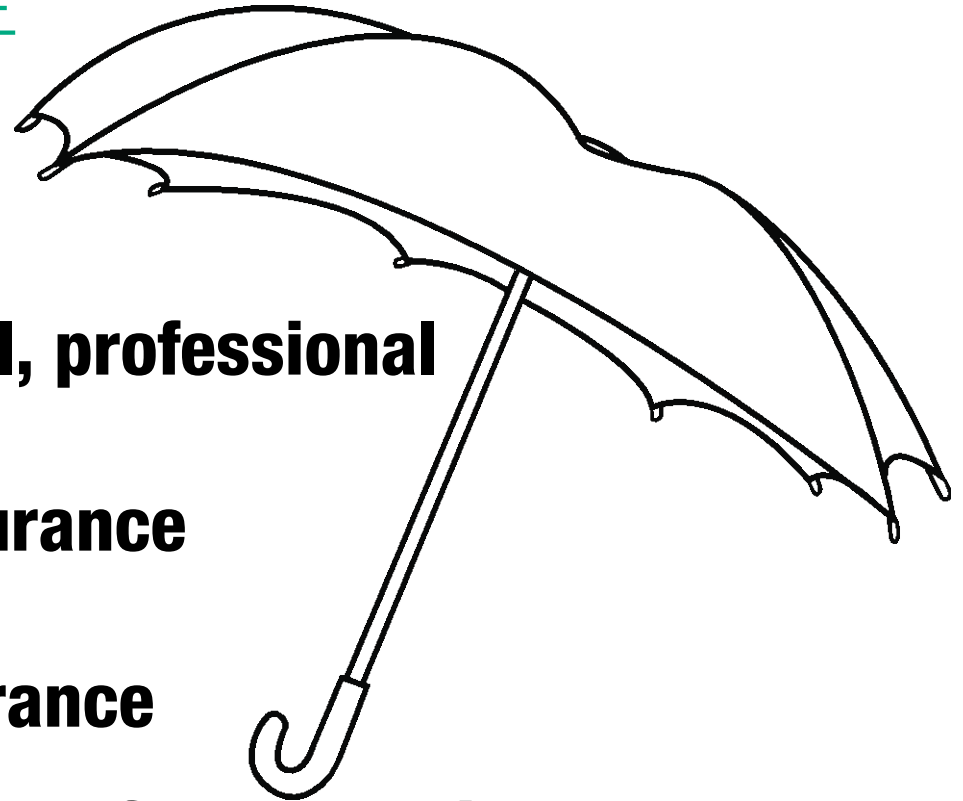
# BUSINESS INSURANCE

**Liability Insurance: general, professional**

**Home-Based Business Insurance**

**Commercial Property Insurance**

**Required Insurance: Worker's Compensation,  
Unemployment Insurance Tax, and Disability  
Insurance**



# BUSINESS MANAGEMENT

