Family-At-Home Financial Fun Pack

GRADES 9-12

COUNCIL FOR Economic Education
You're never too young to learn about money
Preface

Are you looking for fun ways to teach your children about personal finance? Looking for some activities your children can do on their own and others you can do as a family?

This Family-At-Home Financial Fun Pack is a curated set of materials from the Council for Economic Education (CEE) and a few of its friends that we think are well suited for families to enjoy on their own. You will find family activities, games, worksheets, and suggested books for your child or anyone sheltering together to enjoy and learn from. You can easily select activities to help your children acquire the tools to live a life of opportunity – and have some fun along the way.
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The Millionaire Game

Respond to each statement as “True” or “False.” For each correct answer, you will receive five points. For each incorrect answer, you will lose five points.

a. Most millionaires are college graduates.
b. Most millionaires work fewer than 40 hours a week.
c. More than half of all millionaires never inherited money.
d. Most millionaires attended private schools.
e. Most millionaires drive expensive new cars.
f. Most millionaires work in glamorous jobs, such as sports, entertainment, or high tech.
g. Most millionaires work for very large public companies.
h. Many poor people become millionaires by winning the lottery.
i. A college graduate earns almost double the annual income of a high school graduate.
j. If a high school graduate invests the difference between his or her earnings and the earnings of a high school dropout, from age 18 until age 67, at 8 percent interest, the high school graduate would have over $5,500,000 more than the high school dropout at age 67.
k. Investors who buy and hold stocks for the long-term have better long-term stock returns than those who buy and sell stock more frequently.
l. Millionaires tend to avoid the stock market.
m. At age 18, you decide not to drink soda from the vending machine and save $1.50 a day. You invest this $1.50 a day at 8 percent interest until you are 67. At age 67, your savings from not buying soda from the vending machine are almost $300,000.
n. If you save $2,000 a year from age 22 to age 65 at 8 percent interest, your savings will be more than $700,000 at age 65.
o. Millionaires tend to be single rather than married.
Millionaire Game Answers

After you have done your best to answer each question, read and discuss the answers shown below. These answers represent basic principles for getting rich and living a more satisfying life.

a. Most millionaires are college graduates. (True. Four of five millionaires are college graduates. Eighteen percent have master’s degrees, eight percent have law degrees, six percent have medical degrees, and six percent are Ph.D.s.)

b. Most millionaires work fewer than 40 hours a week. (False. About 2/3 of millionaires work 45-55 hours a week.)

c. More than half of all millionaires never inherited money. (True. Only 19 percent of millionaires received any income or wealth of any kind from a trust fund or an estate. Fewer than 10 percent of millionaires inherited 10 percent or more of their wealth.)

d. Most millionaires attended private schools. (False. Most millionaires attended public schools. Fewer than 20 percent of female millionaires attended private schools.)

e. Most millionaires drive expensive new cars. (False. Most millionaires spend under $30,000 for a car. Only 23 percent of millionaires drive a current-year [new model] car.)

f. Most millionaires work in glamorous jobs, such as sports, entertainment, or high tech. (False. Most millionaires work in ordinary industries and jobs. They become wealthy because they make good uses of market opportunities.)

g. Most millionaires work for very large public companies. (False. About three out of four millionaires are self-employed and consider themselves to be entrepreneurs. Most of the others are professionals, such as doctors, accountants, and lawyers.)

h. Many poor people become millionaires by winning the lottery. (False. Few people get rich by luck. If you play the lottery, the chances of winning are worse than one in 12 million. The average person who plays the lottery every day would have to live about 33,000 years to win once. In contrast, you have a one in 1.9 million chance of being struck by lightning.)

i. A college graduate earns almost double the annual income of a high school graduate. (True. In recent years the typical college graduate earned a median salary of $53,000, nearly double the median yearly income of the typical high school graduate [$32,552]. People with professional degrees earned a median income of $79,508, or nearly 240 percent more than the typical high school graduate. The typical worker without a high school degree earned $23,608 [2009 Bureau of Labor Statistics figures].)

j. If a high school graduate invests the difference between his or her earnings and the earnings of a high school dropout, from age 18 until age 67, at 8 percent interest, the high school graduate would have $5,500,000 more than the high school dropout at age 67. (True. This is a dramatic illustration of how valuable a high school diploma is. Assume the difference in earnings between a high school graduate and a high school dropout is $8,000 at age 18. The illustration assumes that the difference increases by 1.5 percent each year and that the difference is invested at 8 percent interest each year.)

k. Investors who buy and hold stocks for the long-term have better long-term stock returns than those who buy and sell stocks more frequently. (True. Studies show that individual who buy and hold stock versus turning stock over more quickly have greater net gains. The costs related to hypertrading [buying and selling stock with great frequency] in terms of time and money can reduce the gains of even the luckiest investor.)

l. Millionaires tend to avoid the stock market. (False. Millionaires know that over a long time period [starting in 1926 and including the Great Depression], the Standard & Poor’s 500 Stock Index has increased at about a 10 percent compound annual rate of return, exceeding the return on most other investments. Of course, there is risk. The stock market has down years, and there is no guarantee of a 10 percent re-turn in the future, especially in the short run. In contrast, the long-term return on risk-free U.S. government securities during the same period ranged from five to six percent. Another way of looking at this is that $1.00 invested in the S&P 500 in 1927 was worth about $3,286 by the end of 2007. One dollar invested in long-term government bonds during the same period was worth about $76 on December 31, 2007. For many investors, it probably paid to take the additional risk of buying stocks.)

m. At age 18, you decide not to drink soda from the vending machine and save $1.50 a day. You invest this $1.50 a day at 8 percent interest until you are 67. In contrast, you have a one in 1.9 million chance of being struck by lightning. How many people do you know that have been struck by lightning?)

n. If you save $2,000 a year from age 22 to age 65 at 8 percent interest, your savings will be over $700,000 at age 65. (True. Because of the power of compound interest, small savings can make a difference. It pays to live below your means. Find a balance between spending now and saving for the future.)

o. Millionaires tend to be single rather than married. (False. Most millionaires are married and stay married. By contrast, divorce is expensive; it is potentially a gateway to poverty, especially for women. Financially speaking, divorce is something you want to avoid.)

Material courtesy of Council for Economic Education.
**Rules for Improving Your Financial Life**

1. Get a good education.

2. Work long, hard, and smart.

3. Learn money-management skills.

4. Spend less than you could spend.

5. Save early and often.

6. Invest in common stocks for the long term.

7. Gather information before making decisions.

Material courtesy of Council for Economic Education.
The Fiscal Ship Game

The Game The Fiscal Ship challenges you to put the federal budget on a sustainable course.

Directions on how to play The Fiscal Ship:
https://www.youtube.com/watch?v=QSWUcaT4GGA

Play the game:
http://fiscalship.org/
Freakonomics Podcast

A weekly podcast which discusses socio-economic issues for a general audience. Two of our favorites:

Listen to the podcast:
https://freakonomics.com/podcast/everything-always-wanted-know-money-afraid-ask/

Listen to the podcast:
https://freakonomics.com/podcast/how-to-be-more-productive/
PlanetMoney

A bi-weekly podcast explaining the economy using entertaining dialogue and narrative. A few of our favorites:

Listen to the podcast: https://www.npr.org/sections/money/2016/08/26/491342091/planet-money-buys-oil

Listen to the podcast: https://www.npr.org/2020/04/22/841988400/why-we-didnt-prepare-for-the-pandemic

Listen to the podcast: https://www.npr.org/2020/05/08/852895616/episode-998-journey-to-the-center-of-the-fed
Stock Market Game

A Program of the SIFMA Foundation.

Play the game to learn more about investing. Imagine you have $100,000 to invest. Choose your stocks, and see how much value each of you can add to your portfolio during a limited period. Play Teens vs. Parents!

Play the game:
www.smgww.org
Instructions:

With your family, work together to come up with a financial plan based on a detailed fictitious family, the Hernández Family. Read the case study independently or as a family and discuss each situation. From there, write down or discuss a financial plan that you think would best for the Hernández family based on their financial profile.

Case Study: The Hernández Family

FAMILY FINANCIAL PROFILE

Family members:

The following narrative describes some details about the fictional Hernández family, a couple with two children. Their financial circumstances are as follows:

<table>
<thead>
<tr>
<th>Name (age)</th>
<th>Employment</th>
<th>Annual Gross Salary</th>
<th>Credit Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel Hernández (33)</td>
<td>Truck Driver</td>
<td>$50,000</td>
<td>680</td>
</tr>
<tr>
<td>Gabriela Hernández (32)</td>
<td>Hotel Room Attendant</td>
<td>$20,000</td>
<td>None</td>
</tr>
<tr>
<td>Sofia (8)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>David (5)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Daniel and Gabriela Hernández are Mexican-Americans who live in a large U.S. metropolitan city in the southeast. They both have working visas and hope to apply for green cards some day.

Both speak excellent English. Gabriela graduated from high school. Daniel completed his GED three years ago. Both of their children were born in the U.S.

The Hernándezes have mentioned not knowing much about finances. Both sets of their parents live in Mexico where many of the financial systems are different.

Their combined salaries are about $70,000 a year, or $5,830 a month before taxes. After taxes, it’s about $52,500 a year.

The Hernándezes have come to you to help them improve their current financial situation and work toward their financial goals.
GOALS

In their current situation, Daniel and Gabriela don’t see any way that they could ever retire. But they would like to work toward a plan where they could afford for at least one of them to exclusively work part-time by the time they are in their 50s.

While they want to do the best for their children, neither Daniel nor Gabriela see any way they can send their children to college. Because they don’t trust credit, they don’t think they would ever take out student loans for their children.

Both Daniel and Gabriela would like to pay down their credit card debt and pay off their car loan. They’d like to save to buy a more reliable car.

Although they’re ok with where they’re living now, they learned when they rented this house that most landlords wouldn’t rent to them because they didn’t have a credit score at the time. Daniel has a credit score now but Gabriela doesn’t. In a few years, they’d like to have a credit score that would let them rent a home in a better neighborhood.

Both sets of parents told Daniel and Gabriela as children that saving was important. When they can, Daniel and Gabriela send money to Gabriela’s parents in Mexico. Her parents then put the money in a bank there to help the couple save to buy a home in Mexico one day. Daniel, however, isn’t sure he and Gabriela should be doing this even though they want to be homeowners someday. They’d prefer to own a home in the U.S. but they just don’t trust U.S. banks, in part because the fees are so high.

Daniel and Gabriela worry because they don’t have an emergency fund, nor any health or life insurance right now, and just don’t see how they can afford it.

EMPLOYMENT

Daniel has a full-time job driving a truck for a supermarket franchise. The work is usually steady, but he and others were laid off for about two weeks earlier this year. He’s back at work now and had been told he’d be paid for those two weeks, but he hasn’t been paid yet. His work offers health insurance benefits but Daniel has to pay part of the premium. Daniel could contribute to a 401k but he doesn’t know about any other benefits.

Gabriela works for a company that provides cleaning services for hotels. Because she is considered an independent contractor and not an employee, she isn’t eligible for any benefits. She does earn tips, but they usually total less than $40 a week. Gabriela has worked steadily this year but was out of work for two months in 2019 when she hurt her back. She has heard that if she could work for a hotel directly rather than the service, the pay would be better and she would be eligible for benefits.

Gabriela’s sister lives in the same city. She’s unmarried and has a good job. She is willing to pay Gabriela $100 to clean her house every two weeks whenever Gabriela needs extra cash.

SAVINGS

The only savings the Hernandézes have are the $1,500 they’ve sent to Mexico to save to buy a home there. They don’t have an emergency fund.
INVESTMENTS

Daniel’s company has a 401k plan but he doesn’t participate because neither he nor Gabriela understand it. They do know that putting money into a 401k means investing in stocks, and that seems like a really bad idea—especially now. They have no investments.

INSURANCE

Last year, Daniel signed up for his company’s high deductible health insurance plan. The premiums were low, but it seemed like they still had to pay for everything when they used medical care. So he and Gabriela decided to drop the coverage this year. They have no life insurance.

They have liability-only coverage on their car and pay $700 a year in monthly payments of $58.33 a month.

CREDIT

Gabriela has never used credit in her own name. Her parents taught her to be financially responsible and using credit wasn’t part of that.

Until last year, when Gabriela was out of work, Daniel had never used credit either. But Daniel decided to apply for two credit cards and he got both of them. At first he didn’t tell Gabriela because he knew she wouldn’t approve. But he had to tell her when he missed a few payments and the credit card company called. They have tried to use the cards only for emergencies.

One credit card has a credit limit of $1,000, an APR of 24%, and an outstanding balance of $600. The second credit card has a credit limit of $1,200, an APR of 22%, and an outstanding balance of $700. The late fee on both is $39. They try to make a payment on at least one of the cards every month. When they make a payment, they always try to at least pay the minimum. They haven’t used either card this year, but the balance doesn’t seem to be going down.

They own a 2012 Honda that Daniel bought from a friend who sells used cars. The friend financed the car. The payment is $200 a month and the APR is 20%. When the car breaks down, as it often does, they take public transportation or get a ride with a friend until they have enough money to get the car repaired. They still owe 24 payments on the car. They try really hard to make the payment each month.

HOUSING

Three years ago, the Hernandézes rented a small three-bedroom home on the bus line. The rent is $1,500 a month. The landlord is pretty good about making repairs when needed. This was one of the few houses they could rent because, at the time, neither of them had a credit score. On average, their utilities are about $150 a month.

CHECKING ACCOUNT

Daniel and Gabriela have a joint checking account at a local bank. They pay a monthly fee of $10 because they don’t keep very much in the account. About three times a year, they overdraft the account. When they do, the fee is $30 each time.

The main reason they have the account is because their employers require that their paychecks be automatically deposited. Because the Hernandézes don’t really trust banks, each month they withdraw most of their pay as cash. This leaves only enough to pay the utility bills (set up on auto pay) and a bit extra. They don’t trust ATMs so they cut up the ATM card the bank gave them. They keep the cash at home and use it to pay for everything else.

Continued...
TAXES

One thing that Daniel and Gabriela agree on is that it’s great that most years they get a big tax refund. They paid a friend $600 to do their taxes this year, which seemed like a lot, but he got them a $5,000 refund which they should receive any day now! They plan to buy new clothes for the children, a new flat screen TV, and a new couch. They also plan to pay $900 to fix the transmission on their car and send some money to Gabriela’s parents in Mexico to put into their savings account there.

OTHER THINGS TO CONSIDER

The Hernándezes try really hard to manage their finances. They don’t eat out often or go to movie theaters, but do enjoy spending time with friends. Although they don’t often talk about it, many of their friends are in a similar financial situation and can’t afford to spend money on food or entertainment either. The Hernándezes are regular attendees at their church and try to make at least a small donation each Sunday.

NOW IT’S YOUR TURN TO COME UP WITH A FINANCIAL PLAN FOR THE HERNANDEZ FAMILY.

About the National Personal Finance Challenge

The National Personal Finance Challenge is a competition that provides high school students with an exciting and motivating opportunity to build, apply, and demonstrate their knowledge of money management. Teams showcase their expertise in earning income, buying goods and services, saving, using credit, investing, as well as protecting and insuring.

Learn more about how you can participate in the National Personal Finance Challenge: https://www.councilforeconed.org/npfc-2/
Build Your Understanding for College Planning Through collegeboard.org

5 Steps to Creating a College List

Do the activity:
https://bigfuture.collegeboard.org/find-colleges/college-101/5-steps-to-creating-a-college-list

Tools & Calculators

Do the activity:
https://bigfuture.collegeboard.org/pay-for-college/tools-calculators
Invite Education’s College Savings Estimator

Together with your child, learn about how much money you will need to save for college and more.

Do the activity:
https://app.inviteeducation.com/marketing/landings/college_savings_estimator
The True Cost of a Car Video

Learn about the true cost of owning a car so you’re prepared before you buy.

Watch the video:
Owning a Car

This handout provides a guide to estimating the costs of buying a car.

Part A: Owning a Car

Directions: Watch the video and complete the following questions.

1. List the different costs associated with buying a car that are identified in the video.

2. Which of these expenses are generally paid when the car is purchased?

3. Which of these expenses are considered to be periodic or ongoing expenses?
Owning a Car

Part B: Cost of Buying a Car

Directions: This handout provides a guide to estimating the costs of buying a car, truck, or other vehicle. Expected costs should be calculated on a monthly basis when possible. Others may be an annual cost. Use the sources provided to complete this handout and compare your results with other groups in class. If using the "Other" section, identify the type of cost.

Type of Vehicle Researched: ________________________________

<table>
<thead>
<tr>
<th>TYPE OF COST</th>
<th>DOLLAR AMOUNT</th>
<th>MONTHLY, ANNually</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price/Monthly Payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loan/Monthly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees, Taxes Upon Purchase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas/Month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance/Month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car Tag</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Tips for completing this handout:
Use the invoice/listed price. Use an online interest calculator to estimate monthly interest payment. To calculate gasoline costs: determine the number of miles you average driving a month, divide by the estimated mileage for this vehicle; multiply that number by the current cost of gasoline per gallon.

Ready to own a car?

Activity made possible by Bank of America's Financial Literacy Program, Better Money Habits.
Compound Interest Calculator

The Compound Interest Calculator visually shows the dramatic effect that compounding can have on investments.

Watch the video:
https://econedlink.org/resources/compound-interest-calculator/
Budgeting! How to Set a Budget and Stick to it.

Learn how to create a budget so you can reach your financial goals.

Watch the video:
Six Steps to Building a Budget

This handout will help you remember what you learned in the “How to Set a Budget and Stick to it Video.

STEP 1.

___________________________________________________________________________
___________________________________________________________________________

STEP 2.

___________________________________________________________________________
___________________________________________________________________________

STEP 3.

___________________________________________________________________________
___________________________________________________________________________

STEP 4.

___________________________________________________________________________
___________________________________________________________________________

STEP 5.

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___________________________________________________________________________

STEP 6.

___________________________________________________________________________
___________________________________________________________________________

Activity made possible by Bank of America’s Financial Literacy Program, Better Money Habits.
My Spending Worksheet

This handout will help you to record the goods and services you purchase.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>$__________</td>
</tr>
<tr>
<td>Lunch</td>
<td>$__________</td>
</tr>
<tr>
<td>Dinner</td>
<td>$__________</td>
</tr>
<tr>
<td>Vending Machines</td>
<td>$__________</td>
</tr>
<tr>
<td>Snacks</td>
<td>$__________</td>
</tr>
<tr>
<td>Coffee/Teas</td>
<td>$__________</td>
</tr>
<tr>
<td>Sodas/Water</td>
<td>$__________</td>
</tr>
<tr>
<td>Fast Food</td>
<td>$__________</td>
</tr>
<tr>
<td>Other</td>
<td>$__________</td>
</tr>
<tr>
<td>Other</td>
<td>$__________</td>
</tr>
<tr>
<td>Other</td>
<td>$__________</td>
</tr>
<tr>
<td>Other</td>
<td>$__________</td>
</tr>
<tr>
<td>Total</td>
<td>$__________</td>
</tr>
</tbody>
</table>

Multiply Total x 5 $__________ to show your weekly spending

Does this amount surprise you? Yes or No. Why or why not?
Financial Literacy Certification by W!SE

Take the Financial Literacy test conducted by W!se and receive the Certified Financially Literate™ (CFL™) award/certificate.

FINANCIAL LITERACY CERTIFICATION

ABOUT THE PROGRAM

At the center of our financial literacy initiatives is the Financial Literacy Certification program, a groundbreaking innovation in financial education for high school students. The goal of the program is simple—to help high school students graduate as financially capable young adults. Participating high schools teach a course or unit on personal finance and then administer our national, standardized Financial Literacy Certification Test.

To support instruction, we provide professional development and instructional resources including webinar training, a detailed curriculum outline aligned with national and state standards, a comprehensive resources directory and online practice quizzes. Pretesting is also available.

EARNING A CERTIFICATE

The hallmark program feature is the W!se Certified Financially Literate™ (CFL™) credential awarded to students who pass the Test. The credential demonstrates to colleges and employers that students have the knowledge and skills to be financially savvy. Teachers and schools are also recognized based on students’ performance on the Test. Our highest accolade, the annual ranking of the "Wise 100 Best High Schools Teaching Personal Finance" is the first ranking of its kind in the country.

Get Certified:
Suggested Reading

GRADES 9-12

The Wealthy Barber: The Common Sense Guide to Successful Financial Planning by David Chilton

Read the book: https://www.amazon.com/Wealthy-Barber-Successful-Financial-Planning/dp/0773762167

Freakonomics: A Rogue Economist Explores the Hidden Side of Everything by Steven D. Levitt & Stephen J. Dubner


The Tipping Point: How Little Things Can Make a Big Difference by Malcolm Gladwell

Read the book: https://www.amazon.com/s?k=the+tipping+point+by+malcolm+gladwell&crid=3EU7AOG8UUZGO&aprefix=the+tipping%2Caps%2C190&ref=nb_sb_ss_i_1_11
Suggested Reading

GRADES 9-12

Learn to Earn: A Beginner’s Guide to the Basics of Investing and Business by Peter Lynch

Read the book:
https://www.amazon.com/Learn-Earn-Beginners-Investing-Business/dp/0471180033/ref=tmm_hrd_swatch_0?_encoding=UTF8&qid=&sr=

Make Your Kid a Money Genius (even if you’re not) by Beth Kobliner

Read the book:
https://bethkobliner.com/books/make-your-kid-a-money-genius-even-if-youre-not/