



California Cadet Corps Curriculum on Wellness



W1/A: Finances: Money Management



Agenda

A1. Introduction to Personal Finance

A2. Cash

A3. Savings

A4. Checking Accounts

A5. Debt, Loans, and Credit Cards

A6. Personal Budgeting

A7. Life After High School



INTRODUCTION TO PERSONAL FINANCE



Introduction to Personal Finance

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

1. Identify the reasons to wisely manage money

Essential Question:

Why is it important to actively be involved in managing your money?



Introduction to Personal Finance

- Important to be responsible with any money you receive
 - Job
 - Allowance
 - Gift
- Good money management skills are essential!
 - For Now
 - For the Future
 - Financial independence from parents
 - Less stress when not in debt

Be Smart with Your Money!



Introduction to Personal Finance

- Where do we learn our money management skills?
 - Parents
 - Other family members
- If family doesn't handle money well, it's time to break the cycle!



Introduction to Personal Finance

YOU Decide what to do with Your Money – Don't Let Your Money Decide for You!





Introduction to Personal Finance

Three key ways to manage your money:

1. Wise/planned spending
2. Saving
3. Planning/Budgeting



Introduction to Personal Finance

Practical Exercise

Commandant writes on the board answers to the following question asked of Cadets:

“How do you acquire money?”

(For example: an allowance from mom or dad)

Cadets: Note somewhere your own personal answer(s) to this question as you’ll be applying it in an exercise in another lesson.



Introduction to Personal Finance

SPENDING

One of the biggest things people do with money is spend it!

- On things we need
- Just because we want something





Introduction to Personal Finance

How do you spend your money?

Practical Exercise

Commandant writes on the board answers to the following question asked of Cadets:

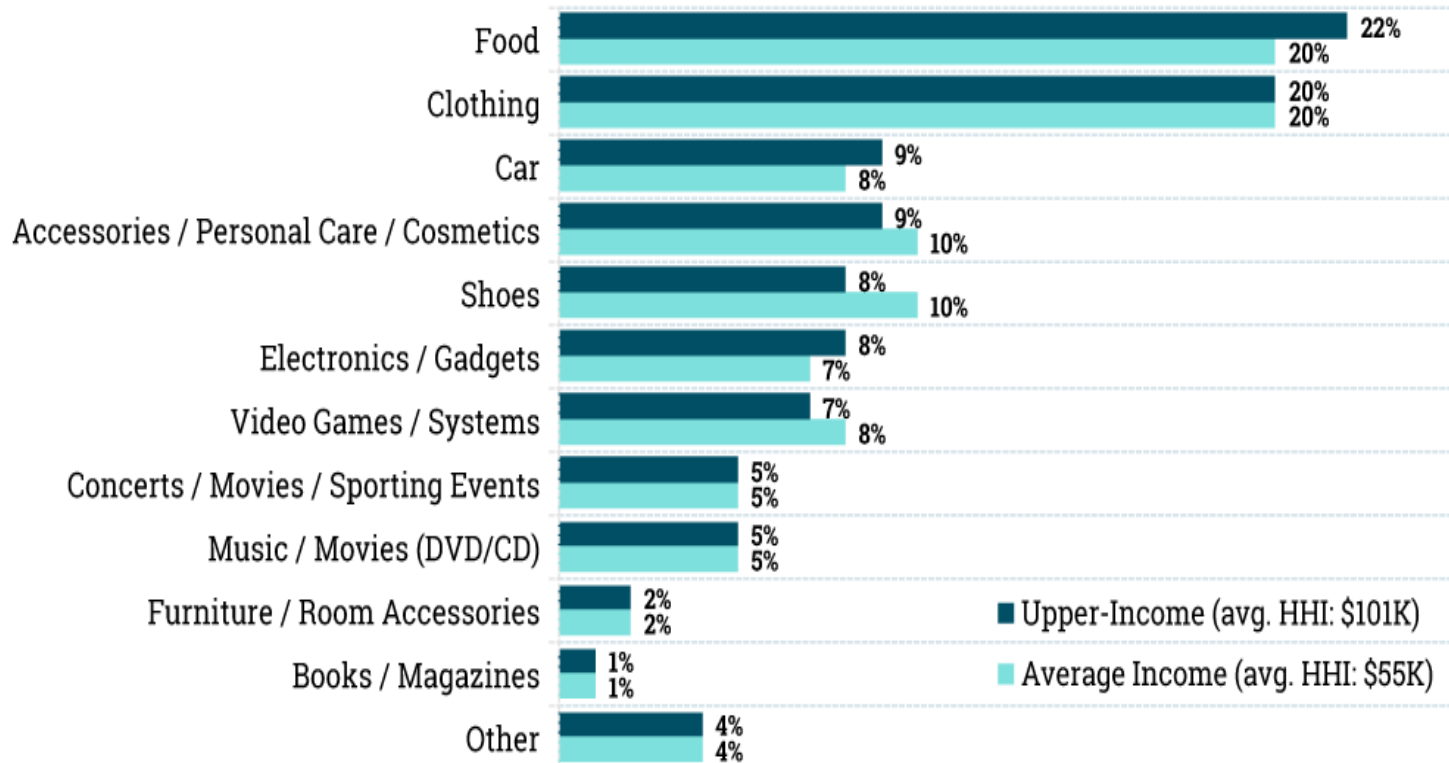
“What do you spend your money on?”

Cadets: Note somewhere your own personal answer(s) to this question as you’ll be applying it in an exercise in another lesson.



Introduction to Personal Finance

Share of US Teens' Spending, by Category



Published on MarketingCharts.com in October 2017 | Data Source: Piper Jaffray

Based on a survey of 6,100 US teens with an average age of 15.9, 54% of whom are male.



Check on Learning

Explain in your own words why it's important that you actively and wisely manage your money.



CASH



Cash

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

2. Explain why it's best to use cash instead of debit cards

Essential Question:

Why is it best to use cash instead of debit cards?



Cash

It's best to use cash to pay for purchases!

WHY?

- The feel of cash leaving your hands makes it very personal to you!
- You become aware of what you're doing with your money



It hurts to part with your cash!





Cash

Cash

1. Money in the form of coins or banknotes, especially that issued by a government.
2. Money or an equivalent, as a check, paid at the time of making a purchase.



Cash

- A paper check is often considered “cash”
 - BUT not the same as handing over that green paper!
 - Checks often used to pay rent, utilities, etc.
 - (or pay bills using online banking)
- Plan ahead & carry the amount of cash you plan to spend
 - More likely to spend wisely & thoughtfully!





Cash

Downsides of using a debit card in place of cash:

- You don't feel the cash leaving your hand
- Really easy to do unplanned spending – overspending!
- May overdraw your bank account
 - Bank penalty fees for overdrawing





Check on Learning

Why is it better to use cash rather than a debit card?



SAVINGS



Savings

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

3. Open a savings account

Essential Question:

Why is it important to have a savings account?



Savings

**Wise money management includes putting
aside some money for savings**

- Need to make some savings goals
- Possible savings goals right now:
 - a car
 - college or vocational/trade school
 - “first & last” months’ rent for an apartment



Savings

Regularly putting money in a savings account establishes a good lifetime habit

Possible savings goals as an adult:

- “emergency savings” for expected & unexpected things
 - Medical emergencies, job loss, car and house repairs
- A car
- Down payment to buy a home
- Vacations
- Christmas gifts
- Children’s college



Savings

Why not save your money...

- in a box in your closet?
- under your mattress?
- or somewhere else in your house?



BECAUSE...

- 1) Someone may steal it if they find it
- 2) You may spend it because of easy access!



Savings



Save your money in a savings account at a financial institution such as a bank or credit union:

- Safest place for your money
- Your money will earn compound interest



Savings

Compound Interest: A process of growing your money

- Bank pays you interest on the money you've deposited
 - Interest is calculated on the total money you've deposited (*assuming you haven't taken money out of your account*)
 - Every time the bank calculates interest, it includes:
 - the interest the bank previously paid you
 - plus any additional amounts you had deposited





Savings

The bank determines the frequency of interest calculation.
Frequencies are:

- Annual compounding: Interest is calculated and paid once a year.
- Quarterly compounding: Interest is calculated and paid once every three months.
- Monthly compounding: Interest is calculated and paid each month.
- Daily compounding: Interest is calculated and paid every day.

How Often Is Interest Accrued on a Savings Account? (2019). Retrieved from The Motley Fool:
<https://www.fool.com/saving/how-often-is-interest-accrued-on-a-savings-account.aspx>





Compound Interest Example

“Start with the concept of simple interest: you deposit money, and the bank pays you interest on your deposit. For example, you might deposit \$100 for one year at 5 percent, and you’d earn \$5 in interest over the year.

What happens next year? That’s where compounding comes in. You’ll start earning interest on your initial deposit, *and* you’ll earn interest on the interest you just earned:

1. You’ll earn 5 percent on your original deposit \$100 again.
2. You’ll earn 5 percent on the new \$5 of interest earnings the bank paid to your account.

That means you’ll earn *more* than \$5 next year because your account balance is now \$105, even though you didn’t make any deposits, so your earnings will accelerate. At many banks, especially online banks, interest compounds daily and gets added to your account monthly, so the process moves even faster.”



Savings

The main point to remember:

Putting your money in a savings account (and not drawing it out), will increase your savings through compound interest plus your additional savings deposits.

Regularly saving money makes your savings grow even faster!





Opening a Savings Account

- If under 18 years old, it's likely you'll need a parent or legal guardian to be a co-owner
- You'll receive an ATM card
 - ATM card used to deposit or withdraw money from an Automated Teller Machine (ATM)
 - you will also get a Personal Identification Number (PIN) associated with the card
 - You must use this PIN when you use your debit card

Don't every give your ATM card or PIN to anyone!



Practical Exercise #1

Each Cadet writes down at least one
savings goal

*(Cadets should save what they've written
for application in a future exercise)*



Practical Exercise #2

(To do outside of the classroom setting)

Each Cadet is encouraged to do this exercise with a parent or guardian.

Go to a local bank or credit union and open a savings account. Many financial institutions have student savings accounts.

When researching a savings account online or when talking to the bank/financial institution representative, the parent and Cadet should make ensure the account has no limits on the amount and the frequency of deposits.



Check on Learning

Name some reasons why it's important to have a savings account:

1. _____
2. _____
3. _____
4. _____



CHECKING ACCOUNTS



Checking Accounts

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

4. Identify why a checking account is needed as an adult

Essential Question:

Why is a checking account needed?



Checking Accounts

- An account at a bank or other financial institution to deposit & withdraw money
- If under 18, parent or guardian needs to be a co-owner
- Need checking account to:
 - deposit money from a job
 - pay bills (such as rent, mortgage, & utilities)
 - Online bill payments are now common



Checking Accounts

Debit Cards

- Commonly used to withdraw money from an account
- Not a credit card
- Interest is not charged
- Need to keep track of how much money is an account
 - **Don't take out money you don't have in your account (overdraw)!!**





Check on Learning

What's the purpose of having a checking account?



DEBT, LOANS, AND CREDIT CARDS



Debt, Loans, and Credit Cards

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

5. Identify why loans and credit cards are not good sources of money

Essential Questions:

Why is it best not to take out loans?

Why is it best not to use credit cards?



Debt, Loans, and Credit Cards



A lot of Americans are deep in personal debt!

Why?

- We want instant gratification & don't have the cash to pay for it
- Our ego – we want to impress others with nice things we have (car, clothes, house, etc.)
- We haven't saved to buy what we need or want



Debt, Loans, and Credit Cards



- A lot of adults in our life use credit cards
 - Only pay the minimum monthly payment
 - They don't pay off the balance
- Many adults have credit card balances & loans
 - For cars, big screen TVs, washers & dryers, etc.
 - They're deep in debt

We want you to break the cycle!



Debt, Loans, and Credit Cards



Credit Cards

- Interest charges applied to unpaid balance
 - Applied from date of the transaction/purchase
 - Interest charges usually very high – sometimes over 20%!
 - ***Balance owed grows & will never be paid off if only the monthly minimum payments are made***
- Being in debt is stressful!
 - Prevents you from every getting ahead financially



Debt, Loans, and Credit Cards



Loans

“The borrower is a slave to the lender”

(from an ancient scripture that still holds true today)

- Borrowing money makes you indebted to the person or institution who lends it to you



Debt, Loans, and Credit Cards



Loans

- If borrow from family or friend
 - Relationships can sour or be lost completely if:
 - either person feels something went wrong
 - a payment is skipped or the loan is never repaid



Debt, Loans, and Credit Cards



Loans

- If borrow from a financial institution
 - The item can be repossessed if you fail to make the payments
I.e., if you get a loan for a car, then lose your job & can't make the payments, the loan holder will have the car physically taken from you (“repossessed”)



Debt, Loans, and Credit Cards

Loans

- Buying a Home

- Understandably, it's the one item where most adults have to get a loan
- Very few people have the cash up front to pay the total cost





Check on Learning

1. Explain why it's best not to use credit cards?
2. Interest charges on credit cards are applied on _____ balances from the date of the _____.
3. Why should you not borrow money from a family member or friend?
4. Why is it best not to take out a loan to buy something like a car?



PERSONAL BUDGETING



Personal Budgeting

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

6. Create and use a personal budget

Essential Question:

How do I create a personal budget?



Personal Budgeting

- A plan you create to manage your money
- A tool used to allocate each dollar you get
- Different methods used to manage money
 - Two simplest methods (and probably most efficient):
 - The Envelope System
 - The Budget Spreadsheet

**You Need
A Budget.**



Personal Budgeting



The Envelope System

- Label envelopes with each of your expense categories
- Distribute your cash among the envelopes
 - According to the amounts designated in your budget



Personal Budgeting

The Budget Spreadsheet

- Pre-made form to track your spending
 - Paper or
 - Electronic worksheet
 - Computer program (such as Microsoft Excel)
 - Online apps (such as the YNAB, Every Dollar, Good Budget, and Mint)
 - Easiest & quickest
 - Does the calculations when you plug in the dollar amounts



Personal Budgeting

The Budget Spreadsheet (continued)

- Each time money is received or spent:
 - Enter the amount in the spreadsheet for that category.
 - Update totals so you know what you have left to spend in that category
- A written budget is important!
 - Allows you to track expenditures
 - If needed, shows you where you need to adjust any budget categories in future months



Blank Budget Worksheet Example

Budget Worksheet		
Monthly Income	Amount Budgeted	Amount Received
Job		
Allowance		
Gifts		
<i>Total:</i>		
Monthly Savings	Amount Budgeted	Amount Spent
Savings		
Monthly Expenses	Amount Budgeted	Amount Spent
Household		
Money to parents/guardian		
<i>Total:</i>		
Food		
Snacks		
Eating Out		
<i>Total:</i>		
Transportation		
Gas/Fuel		
Vehicle Repairs/Maintenance		
Bus fees		
Vehicle Insurance		
Other		
<i>Total:</i>		
Entertainment		
Cell phone		
Computer & Accessories		
Movies/Concerts/Sports		
Music/Videos		
Hobbies		
<i>Total:</i>		
Personal		
Hair Cut		
Clothes/Shoes		
Gifts		
Toiletries (toothpaste, cologne, etc.)		
Laundry		
Miscellaneous		
<i>Total:</i>		
Charity		
Donations		
<i>Total:</i>		
Total Expenses		
Income minus Expenses (should = \$0)		



Completed Budget Worksheet Example

Budget Worksheet		
Monthly Income	Amount Budgeted	Amount Received
Job	\$500.00	\$500.00
Allowance		
Gifts		
Total:	\$500.00	\$500.00
Monthly Savings	Amount Budgeted	Amount Spent
Savings	\$80.00	\$0.00
Monthly Expenses	Amount Budgeted	Amount Spent
Household		
Money to parents/guardian		
Total:	\$0.00	\$0.00
Food		
Snacks	\$30.00	\$35.00
Eating Out	\$45.00	\$50.00
Total:	\$75.00	\$85.00
Transportation		
Gas/Fuel	\$80.00	\$75.00
Vehicle Repairs/Maintenance	\$20.00	\$70.00
Bus fees		
Vehicle Insurance		
Other		
Total:	\$100.00	\$145.00
Entertainment		
Cell phone	\$25.00	\$25.00
Internet	\$10.00	\$10.00
Movies/Concerts/Sports	\$20.00	\$50.00
Music/Games	\$50.00	\$60.00
Hobbies		
Total:	\$105.00	\$145.00
Personal		
Hair Cut	\$20.00	\$20.00
Clothes/Shoes	\$80.00	\$65.00
Gifts		
Toiletries (toothpaste, cologne, etc.)		
Laundry		
Miscellaneous	\$40.00	\$30.00
Total:	\$140.00	\$115.00
Charity		
Donations		\$10.00
Total:	\$0.00	\$10.00
Total Expenses	\$500.00	\$500.00
Income minus Expenses (should = \$0)	\$0.00	\$0.00



Personal Budgeting

Practicum

- Using a provided budget worksheet form, the Commandant explains how to use the worksheet, walking through each row and column on the worksheet, using a completed worksheet as an example.*
- Cadets plug in their own numbers on the worksheet. If the Cadet doesn't have numbers to plug in, then he/she should put in some numbers as a model for them to follow.*

****Blank (with and without formulas) and Example budget worksheets are available on the CACC Curriculum web page both electronically and for printing hard copies***



Check on Learning

1. What is the purpose of a personal budget?
2. Name some tools you can use to create a personal budget.



LIFE AFTER HIGH SCHOOL



Life After High School

OBJECTIVES

Cadets will be able to put into practice good money management skills.

Plan of Action

7. Make a plan for saving for life after high school

Essential Questions:

1. What do I think I want to do after I finish high school?
2. How am I going to fund what I think I want to do?



Life After High School

What are you going to do after high school?

- Prepare now!
- The sooner you start preparing, the better
- Regardless of plans, financial resources likely needed to fund your plan
- Put money away in savings





Life After High School

- Do you want to go to college or a vocational/trade school?
- **Paying back student loans after college can be a big financial burden for a very long time!**
 - *Because of the burden & stress, student loans are not an ideal way to finance college or trade/vocational education*
- **Can you live at home while going to school?**
 - *This can save you money*
 - **Can you work part-time while going to school?**
 - *This can help pay for school*





Life After High School



- Do you want to take “a gap year”?
 - What are you going to do during a gap year?
 - Where are you going to get the money to support yourself while you take a gap year?

- Do you want to travel?
 - Where are you going to get the funds to pay for travel?



Life After High School



- Are you going to get a job or do you currently have a job?
 - **Do you have a job now and are you saving money?**
 - *If not, it's time to start saving!*
 - **Don't currently have a job, but plan to get one?**
 - you'll want to start saving money from your job as soon as you start receiving an income from it
 - **Are you going to live at home after high school?**
 - If so, do you need to help your parent(s) or guardian with expenses?



Life After High School

- Do you want to go into the military?
 - **This may be a good option to:**
 - get a job skill
 - pay for college if you don't have the money or desire to go to college or vocation school right after high school





Life After High School

Gap Year and Travel Financing and Savings*

- Most gap years tend to involve travel of some kind
 - Many countries offer doing paid work while on a tourist visa
- Paid Internship
- Working or interning gives you on-the-job experience to:
 - Gain understanding of your strengths & weaknesses in a job
 - Learn likes & dislikes in a job
 - Prepare you for a more meaningful college experience

*College Planning & Financial Aid. (2017, November 7). Retrieved from LendKey:
<https://www.lendkey.com/blog/paying-for-school/take-gap-year-prepares-college-personally-financially/>



Life After High School

Practical Exercise

Take some time to think through the following questions, then **write down your answers**.

1. What do I think I want to do after I finish high school?
2. How am I going to fund what I think I want to do?



Life After High School

Planning for life after high school involves a lot of money planning!



Getting started now – if you aren't already doing so – is a smart thing to do!





Check on Learning

1. Name some things high school students may need to plan for after they finish high school.
2. What are some ways to fund the things mentioned in question 1.?