Module 1: Money Management

HIGH SCHOOL
FINANCIAL
PLANNING
PROGRAM

NAME: _____   **SCORE:** _____/50 points

Multiple Choice: Read each item carefully; then select the best answer. (1 point each)

____ 1. Which of the following is considered a need?

       a. a new car

       b. a clothes dryer

       c. a place to sleep

       d. lunch at a local restaurant

____ 2. Which of the following factors can influence decisions?

       a. age

       b. values

       c. family

       d. peers

       e. all of the above

____ 3. A value can be described as

       a. something basic for your survival

       b. something you desire to make your life more comfortable

       c. a willingness to give up something now in exchange for a future benefit

       d. a belief or idea you consider important or desirable

____ 4. Marcus set a goal to buy a used car in the next few months. He plans to make a $2,500 down payment and has already saved $1,300. If he can save $150 each month for this goal to buy a car, how long will it take him to save the entire $2,500?

       a. 6 months

       b. 8 months

       c. 10 months

       d. 12 months

____ 5. Shaunda wants to buy her grandmother's car to drive back and forth to college next year. Her grandmother agrees to sell Shaunda the car for $1,200 in a year. This is an example of what type of goal?

       a. short-term

       b. medium-term

       c. long-term

       d. financial-term

____ 6. Lisa will buy two new car tires three months from now before taking a long trip. Each tire costs $75. How much will Lisa need to save each month to reach her goal?

       a. $25

       b. $50

       c. $75

       d. $150

____ 7. In eight months, Kelly's parents will need to make the final payment for Kelly's braces. Half of the total cost was paid when her braces were put on. The total cost is $3,200. How much will Kelly's parents need to save each month to pay off the balance owed?

       a. $135

       b. $200

       c. $400

       d. $1,600

____ 8. Mark wants to visit his foreign exchange "brother" who lives in Brazil. He'd like to make the trip 18 months from now, right after graduation. Mark estimates that he will need $3,000 total to pay for transportation, food, and other expenses. He has already saved $300. How much will Mark need to save each month to reach his goal?

       a. $150

       b. $167

       c. $225

       d. $2,700

Case Study: Read about Willie's situation below. Use this data and what you have learned about money management to respond to Questions 9-14.

Willie is 15-year-old student who works a few hours on weekends at the local ice cream shop. One day he asks his mom for money to see to a movie with his friends. His mom replies, "Willie, what do you do with your paycheck money? You shouldn't need to ask me for more money each week." Willie decided to write down how he spent his money last week. He also listed money he received during the week. Look at his list and answer the questions below.

____ 9. What was Willie's income during the week? (1 point)

       a. $5.00

       b. $57.00

       c. $62.00

       d. $123.50

Willie's Weekly Spending Log

- Bought five lunches, $4 each
- Gave a friend $5 gas money for rides to and from school
- Cashed weekly paycheck, $57
- Received $5 from Aunt Lillie
- Purchased a used video game, $14
- Bought two bus day passes, $1.25 each
- Purchased a concert ticket, $20

ASSESSMENT 1-2
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____ 10. What was the total of Willie's expenses during the week? (1 point)

      a. $44.25

      b. $61.50

      c. $66.50

      d. $106.25

11. Willie doesn't want to ask his mom for money next week if he is short on cash. Recommend one way that Willie can change his spending or income so he isn't spending more than he is receiving. (2 points)

12. Willie decides that he will create a spending plan. State at least three strategies that will help him stick to his plan. (3 points)

    a. _____

    b. _____

    c. _____

13. Willie has written his financial goals. He knows that you have experience writing SMART goals, so he asks for your feedback on his goals.

    a. Look at one of Willie's goals, and identify what needs to be added to make it S-M-A-R-T. (2 points)

    b. Then rewrite the goal using the SMART strategy you learned in class. (2 points)

Willie's goal:

Save $10 each month so I have enough money to go on a class trip to Washington, D.C.

What is missing from Willie's goal?	
Recommend a way to make Willie's goal SMART.	

ASSESSMENT 1-2
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14. Willie sometimes feels uncertain that he has made the right decision when he spends his money or when he agrees to participate in activities with his friends. He knows that you learned about the decision-making process and asks you about the process.

Each month, Willie spends $30-40 for his transportation to and from school. He'd like to cut back to $20 or less so he has more money to spend on other things. You know that he now pays for gas so a friend will occasionally drive him the three miles to and from school. To help him learn about the DECIDE steps, explain what he should do as he decides how to get to and from school for less than $20 each month. Steps 1, 5, and 6 have already been filled in. (8 points)

Decision-Making Step	Suggestion for What Willie Should Do
1 – Define your goal	Get to and from school for less than $20 each month.
2 –	
3 –	
4 –	
5 – Decide what's best.	Decide what action is the best choice. (Note: This is where you let Willie decide what he thinks is the best option or combination of options.)
6 – Evaluate the results.	After a month, analyze how the decision is working out for Willie.

ASSESSMENT 1-2
Module 1: Money Management

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NEFE FINANCIAL
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Matching: Read each statement carefully. Select the term that best matches the statement by writing the letter of the matching term in the blank. (1 point each).

____ 15. Any money you receive such as an allowance or paycheck

____ 16. A predictable amount of money spent to buy something or do something that is the exact same amount every time

____ 17. Saving a certain amount of money to be used later for financial goals

____ 18. Giving up the next best choice when making a decision

____ 19. Setting aside money to have on hand for unexpected expenses and events

a. Cash Flow

b. Emergency Fund

c. Fixed Expense

d. Income

e. P.Y.F

f. Opportunity Cost

g. Spending and Saving Plan

h. Spending Log

i. Variable Expenses

Scenario:

Jeremiah belongs to a youth group that is planning to participate in a nine-day volunteer building project near the end of his senior year. During the experience Jeremiah's group will work on a building project in a community that is recovering from a disaster. Help him plan to save money to cover the cost of the trip he will take 15 months from now.

There is a $900 fee for the project, which covers the cost of food and lodging at the work site. Jeremiah will also need to pay for his transportation to and from the site as well as meals and any lodging along the way.

After working through the DECIDE steps, the group decided that traveling by train was the option that best met their decision criteria. They will be able to sleep on the train rather than arrange for lodging along the way. The train fare is $294 per person. Each person is also responsible to carry or pay for his or her own meals during the 20 hours of travel to the site and from the site. Both there and back, the train will leave mid-morning and arrive the next day just after dawn.

Jeremiah has already saved $550 for the trip by working odd jobs. He typically earns $100 to $200 each month from helping his neighbors with yard work, painting projects, childcare, and pet-walking services. He recently received birthday gift money totaling $100.

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a. Create a spending plan so Jeremiah is able to cover his costs for the trip. Use the information provided, and estimate how much he should plan for his meals while traveling and other expenses he might have during the trip. (12 points)

Jeremiah's Income Sources:	Amounts
Total Income for the Trip:	

Jeremiah's Estimated Trip Expenses:	Amounts
Total Expense Amount Needed for the Trip:	

b. Figure out how much more money he needs to save and the amount he needs to save each month. (4 points)

Total Amount Saved to Date	
Total Amount still needed to save	
Amount to save each month	

c. Do you think this is an attainable monthly savings goal? Why or why not? (2 points)

_____

_____

NAME: ___KEY_____ SCORE: _____/50 points

Multiple Choice: Read each item carefully; then select the best answer. (1 point each)

__c__ 1. Which of the following is considered a need? [Competency 1-1]

   a.   a new car

   b.   a clothes dryer

   c.   a place to sleep

   d.   lunch at a local restaurant

__e__ 2. Which of the following factors can influence decisions? [Competency 1-1]

   a.   age

   b.   values

   c.   family

   d.   peers

   e.   all of the above

__d__ 3. A value can be described as [Competency 1-1]

   a.   something basic for your survival

   b.   something you desire to make your life more comfortable

   c.   a willingness to give up something now in exchange for a future benefit

   d.   a belief or idea you consider important or desirable

__b__ 4. Marcus set a goal to buy a used car in the next few months. He plans to make a $2,500 down payment and has already saved $1,300. If he can save $150 each month for this goal to buy a car, how long will it take him to save the entire $2,500? [Competency 1-3]

   a.   6 months

   b.   8 months *($2,500 total cost- $1,300 saved = $1,200 needed/$150 saved monthly = 8 months)*

   c.   10 months

   d.   12 months

__b__ 5. Shaunda wants to buy her grandmother's car to drive back and forth to college next year. Her grandmother agrees to sell Shaunda the car for $1,200 in a year. This is an example of what type of goal? [Competency 1-3]

   a.   short-term

   b.   medium-term *(three months to a year)*

   c.   long-term

   d.   financial-term

ASSESSMENT 1-2 KEY
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Z PLANNING
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__b__ 6. Lisa will buy two new car tires three months from now before taking a long trip. Each tire costs $75. How much will Lisa need to save each month to reach her goal? [Competency 1-3]

      a. $25

      b. **$50** *($75 per tire x 2 tires = $150 total cost / 3 months = $50 per month)*

      c. $75

      d. $150

__b__ 7. In eight months, Kelly's parents will need to make the final payment for Kelly's braces. Half of the total cost was paid when her braces were put on. The total cost is $3,200. How much will Kelly's parents need to save each month to pay off the balance owed? [Competency 1-3]

      a. $135

      b. **$200** *($3,200 total cost – ½ pd for down pymt $1,600 = $1,600 due / 8 mns = $200 save per mn)*

      c. $400

      d. $1,600

__a__ 8. Mark wants to visit his foreign exchange "brother" who lives in Brazil. He'd like to make the trip 18 months from now, right after graduation. Mark estimates that he will need $3,000 total to pay for transportation, food, and other expenses. He has already saved $300. How much will Mark need to save each month to reach his goal? [Competencies 1-3 and 1-4]

      a. **$150** *($3,000 total cost - $300 saved = $2,700 yet to save / 18 mns = $150 to save per mn)*

      b. $167

      c. $225

      d. $2,700

Case Study: Read about Willie's situation below. Use this data and what you have learned about money management to respond to Questions 9-14.

Willie is 15-year-old student who works a few hours on weekends at the local ice cream shop. One day he asks his mom for money to see to a movie with his friends. His mom replies, "Willie, what do you do with your paycheck money? You shouldn't need to ask me for more money each week." Willie decided to write down how he spent his money last week. He also listed money he received during the week. Look at his list and answer the questions below.

> **Willie's Weekly Spending Log**
>
> - Bought five lunches, $4 each
> - Gave a friend $5 gas money for rides to and from school
> - Cashed weekly paycheck, $57
> - Received $5 from Aunt Lillie
> - Purchased a used video game, $14
> - Bought two bus day passes, $1.25 each
> - Purchased a concert ticket, $20

_c__ 9. What was Willie's income during the week? (1 point) [Competency 1-4]

      a. $5.00

      b. $57.00

      c. **$62.00** *($57paycheck + $5 from Aunt Lillie = $62 weekly income)*

      d. $123.50

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_____ 10. What was the total of Willie's expenses during the week? (1 point) [Competency 1-4]

    a. $44.25

    b. $61.50 *((5 x $4) + $5 + $14 +(2 x $1.25) + $20 = $61.50)*

    c. $66.50

    d. $106.25

11. Willie doesn't want to ask his mom for money next week if he is short on cash. Recommend one way that Willie can change his spending or income so he isn't spending more than he is receiving. (2 points) [Competencies 1-4 and 1-5]

    (Award up to two points for a realistic, sensible solution. Possible responses: find other income sources(s), reduce amounts spent for wants, set aside money each week to pay for big-ticket items.)

12. Willie decides that he will create a spending plan. State at least three strategies that will help him stick to his plan. (3 points) [Competency 1-5]

    a. *(Award one point for each realistic, sensible response as presented in class. Possible responses: write out goals, post goals in a visible place, tell other people about his goals, only carry the amount of money he plans to spend, review his plan regularly to make adjustments.*

    b. _____

    c. _____

13. Willie has written his financial goals. He knows that you have experience writing SMART goals, so he asks for your feedback on his goals. [Competency 1-3]

    a. Look at one of Willie's goals, and identify what needs to be added to make it S-M-A-R-T. (2 points)

    b. Then rewrite the goal using the SMART strategy you learned in class. (2 points)

Willie's goal:
Save $10 each month so I have enough money to go on a class trip to Washington, D.C.

What is missing from Willie's goal?	*(Award two points for at least two comments about what is missing from Willie's goal. Possible responses: The goal doesn't specifically identify the costs involved with the trip, how much money is needed to cover the cost of the entire trip, and the source of the money Willie will save for the trip. Because no timeline is stated, it's uncertain whether or not this goal is attainable based on the amount needed and how much Willie will have available.)*
Recommend a way to make Willie's goal SMART.	*(Award two points for a revised goal that includes at least two additional specific details such as a timeframe, total cost of the trip, source of income.)*

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14. Willie sometimes feels uncertain that he has made the right decision when he spends his money or when he agrees to participate in activities with his friends. He knows that you learned about the decision-making process and asks you about the process.

Each month, Willie spends $30-40 for his transportation to and from school. He'd like to cut back to $20 or less so he has more money to spend on other things. You know that he now pays for gas so a friend will occasionally drive him the three miles to and from school. To help him learn about the DECIDE steps, explain what he should do as he decides how to get to and from school for less than $20 each month. Steps 1, 5, and 6 have already been filled in. (8 points) [Competency 1-2]

Decision-Making Step	Suggestion for What Willie Should Do
1 – Define your goal	Get to and from school for less than $20 each month.
2 – *Establish your criteria.* *(One point for listing the criteria step.)*	*(Award one point if student lists criteria for Willie's needs and wants. Examples might include: less than $20, get to school on time, reliable means of transportation.)*
3 – *Choose two to three good options.* *(One point for listing the option step.)*	*(Award two points if the student lists at least two reasonable options that Willie might consider such as riding school bus or city bus, walking, riding bike, sharing gas costs by adding another rider to the group.)*
4 – *Identify the pros and cons.* *(One point for listing the pros and cons step.)*	*(Award two points if the student presents at least two pros and/or cons for the options listed in Step 3. Students should recommend that Willie compare the options with the criteria that were set in Step 2.)*
5 – Decide what's best.	Decide what action is the best choice. (Note: This is where you let Willie decide what he thinks is the best option or combination of options.)
6 – Evaluate the results.	After a month, analyze how the decision is working out for Willie.

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Matching: Read each statement carefully. Select the term that best matches the statement by writing the letter of the matching term in the blank. (1 point each).

__d__ 15. Any money you receive such as an allowance or paycheck
    Income [Competency 1-4]

__c__ 16. A predictable amount of money spent to buy something or do something that is the exact same amount every time
    fixed expense [Competency 1-4]

__e__ 17. Saving a certain amount of money to be used later for financial goals
    P.Y.F (Pay Yourself First) [Competencies 1-3, 1-4, 1-5]

__f__ 18. Giving up the next best choice when making a decision
    opportunity cost [Competency 1-2]

__b__ 19. Setting aside money to have on hand for unexpected expenses and events
    emergency fund [Competencies 1-3, 1-4, 1-5]

a. Cash Flow

b. Emergency Fund

c. Fixed Expense

d. Income

e. P.Y.F

f. Opportunity Cost

g. Spending and Saving Plan

h. Spending Log

i. Variable Expenses

Scenario:

Jeremiah belongs to a youth group that is planning to participate in a nine-day volunteer building project near the end of his senior year. During the experience Jeremiah's group will work on a building project in a community that is recovering from a disaster. Help him plan to save money to cover the cost of the trip he will take 15 months from now.

There is a $900 fee for the project, which covers the cost of food and lodging at the work site. Jeremiah will also need to pay for his transportation to and from the site as well as meals and any lodging along the way.

After working through the DECIDE steps, the group decided that traveling by train was the option that best met their decision criteria. They will be able to sleep on the train rather than arrange for lodging along the way. The train fare is $294 per person. Each person is also responsible to carry or pay for his or her own meals during the 20 hours of travel to the site and from the site. Both there and back, the train will leave mid-morning and arrive the next day just after dawn.

Jeremiah has already saved $550 for the trip by working odd jobs. He typically earns $100 to $200 each month from helping his neighbors with yard work, painting projects, childcare, and pet-walking services. He recently received birthday gift money totaling $100.

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a. Create a spending plan so Jeremiah is able to cover his costs for the trip. Use the information provided, and estimate how much he should plan for his meals while traveling and other expenses he might have during the trip. (12 points)

(*Examples of variable information are shown below. Students will have their own responses for variable expense amounts which will impact the total expenses and the amount needed from additional earnings. The income total should be the same or less than the expenses.)

Jeremiah's Income Sources:	Amounts
Savings (One point for $550 saved amount)	$550
Birthday money (One point for up to $100 amount of gift money)	$100
Additional earnings from odd jobs (One point for income with an estimated amount to cover the remaining expenses)	(C) *$664
Total Income for the Trip: (Two points for accurately calculating total income and adjusting numbers so the total income is equal to or more than the total expenses.)	*$1,314

Jeremiah's Estimated Trip Expenses:	Amounts
Trip fee (One point for known fixed expense: $900 trip fee)	$900
Train fare (One point for known fixed expense: $294 train fare)	$294
Meals (Two travel days: lunch, dinner, breakfast, snacks) (Two points for estimating a reasonable variable expense amount for two days of meals)	*$80
[optional] Souvenirs (One point for listing and estimating reasonable variable expenses for additional items such as souvenirs, project donations, tools, etc.)	*$40
Total Expense Amount Needed for the Trip: (Two points for accurately calculating total expenses and adjusting numbers so total expenses are equal to or less than the total income.)	(A) *$1,314

b. Figure out how much more money he needs to save and the amount he needs to save each month. (4 points)

Total Amount Saved to Date *(One point for an accurate number: $550 savings + $100 gift money)*	(B) $650
Total Amount still needed to save *(One point for an accurate calculation: A – B = C)*	(C) $664
Amount to save each month *(Two points for accurately calculating the monthly amount needed.) C / 15 months = D*	(D) $44

c. Do you think this is an attainable monthly savings goal? Why or why not? (2 points)
Award one point for stating an opinion with justification for the yes or no response. Award another point if the justification response is reasonable. In this scenario, Jeremiah should be able to save $44 a month (or $11 each week) because he currently earns $100 to $200 each month. This also allows room for other expenses he might already have each month.