E-LEARNING ASSIGNMENTS

DAY 1

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BUDGETING

Case Study Summary

Description: In this case study, students will take on the role of a trusted friend helping to create a budget and make an important financial decision. Students will analyse current spending, assist in creating a budget, and offer suggestions for how to manage a variety of financial stressors.

Internet Usage: Required

Spreadsheet Skills: Minimal

National Standards for Personal Finance Education

Spending

- 1b: Develop a budget to allocate current income to necessary and desired spending, including estimates for both fixed and variable expenses
- 1d: Evaluate the advantages of using budgeting tools, such as spreadsheets or apps
- 9a: Explain how having a system for financial record-keeping can make it easier to make financial decisions

Saving

- 8b: Discuss how personal financial decisions can affect other people

Earning Income

- 7c: Differentiate between gross, net, and taxable income

Managing Credit

- Describe how credit card grace periods, methods of interest calculation, and fees affect borrowing costs

Budget or bust?

Carrie is a recent college grad with her first full-time job and is learning about how to manage her money. She tries to save money each month, but at times ignores her finances because she gets easily frustrated and overwhelmed with them. She has just had a curveball thrown her way with an increase in rent, so she decides to call her trusted cousin, Bryce, who has a strong understanding of money management.

Carrie: Hi Bryce! Do you have time to help me with a money issue?

Bryce: Yeah! What's going on?

Carrie: My landlord just called to let me know my rent is going to increase from $900.00 to $1200.00 in the next two months! He said something about an increase in HOA fees and taxes, so he must increase the rent. But I love this apartment! It is close to work, close to my boyfriend, and has so many great amenities. With my student loans and other bills, I can't afford to continue living here!

Bryce: That's tough! But you can make it work. I've got some errands to do near your neighbourhood later, so I can come over beforehand and we can create a budget to see where you can come up with the extra money! Go ahead and gather all of your financial documents together and I'll be over soon.

Carrie: Budget? I've never created a budget before, so it intimidates me. I appreciate your help so much!

Bryce arrived within 30 minutes and was ready to help Carrie get started on organizing her budget. “In order to figure out if you can afford this increase in rent, you have to create a budget.” Bryce instructed.

Answer This:

1. What response should Bryce say to Carrie’s last question? What is the importance of creating a budget?

2. What documents and information will Bryce need to see in order to help Carrie create a personal budget?

“Okay, that makes sense!” Carrie says as she sits up straight and rolls up her sleeves.

Bryce explains that the first step in creating a personal budget is to calculate income. Carrie is on salary and paid bi-weekly, so her pay checks are the same each pay period. She logs online and pulls up her most recent pay stub for Bryce to view.

Exhibit 1: Carrie’s Paystub

General Hospital

General Hospital, 123 Any Street, Big City, UT 54321

EARNINGS STATEMENT

EMPLOYEE NAME	SSN	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE
Carrie Smith	xxx-xx-2345	12345	98765	05/1/2022 - 05/15/2022	5/16/2022

INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES			2,123.84	FICA MED TAX	30.80	585.12
				FICA SS TAX	131.68	2,501.88
				FED TAX	55.75	1,059.27
				UT ST TAX	126.37	2,401.00

YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY
40,352.96	6,547.27	33,805.69	2,123.84	344.59	1,779.25

Answer This:
3. What information from Carrie's pay stub is important to know and use when creating her budget?

Now that they both know how much money they're working with, Bryce says that the next step in creating an effective budget is to track expenses. He says that in order to create a budget and see where Carrie can find the extra money for her rent, they have to see where she spends her money each month.

Carrie uses her debit card for most purchases, so she can somewhat easily track her monthly spending by looking at her bank account transactions. She prints her last bank statement, credit card statement, and pulls out her most recent receipts to give to Bryce.

She loves to shop, so her clothing expenses are a bit high. She charges an average of $300.00 per month on a credit card to her favourite store - Clothes, Clothes, Clothes. Her minimum monthly payment on this account is approximately $20.00 (she must pay at least this amount each month but strives to always pay it off in full).

Exhibit 2: Carrie's Bank Statement & Store Credit Card Statement

Clothes, Clothes, Clothes

Credit Card Statement

Account Number: 973-00-11
Statement Closing Date: 09/28/17
Credit Line: $2,000.00
Available Credit:$1691.70

Account Summary:		**Payment Information:**	
Previous Balance:	$301.55		
-Credits:	$0.00		
-Payments:	$300.00	New Balance:	$308.30
+Purchases & Other Charges:	$305.75	Minimum Payment:	$15.00
+Cash Advances:	$0.00	Minimum Payment Due:	10/25/17
+Finance Charge:	$1.00		
=NEW BALANCE	$308.30		

Rate Information:

You may pay your balance in full at any time.
See reverse side of statement for more details related to your account.
Minimum finance charge per statement period: $1.00

Type of Balance	Corresponding Annual Percentage Rate	Days in Billing Cycle
Purchases	19.8%	25
Cash Advance	21.8%	25

Transactions:

Date	Description	Credits	Charges
9/25	Payment	300.00	
10/1	Clothing Purchase		$305.75

Alltown Bank

Checking Account Statement

Statement Period: 09/9/17 - 10/8/17

Date	Description	Withdrawals	Deposits	Balance
9/9/17	Previous Balance			301.10
9/9/17	Lightening Gas & Electric	132.00		169.10
9/10/17	Tony's Tacos	31.55		137.55
9/10/17	Household Stuff and More	52.82		84.73
9/12/17	Remote Internet & Cable Co.	89.00		-4.27
9/12/17	Overdraft Fee	34.00		-38.27
9/13/17	Payroll Direct Deposit		1,779.25	1,740.98
9/16/17	Fill Up Gas Mart	40.00		1,700.98
9/16/17	Coffee House	4.53		1,696.45
9/16/17	Hometown Grocery Mart	148.88		1,547.57
9/16/17	24 Hour Fitness Gym	80.00		1,467.57
9/17/17	The Movie House	40.00		1,427.57
9/18/17	Zippy's Oil Change	23.46		1,404.11
9/20/17	Italian Oven	38.73		1,365.38
9/22/17	SaveDriving Auto Insurance	75.00		1,290.38
0/23/17	Cash Withdrawl	60.00		1,230.38
9/23/17	Super Fast Subs	10.83		1,219.55
9/25/17	Clothes, Clothes, Clothes Credit Card	300.00		919.55
9/27/17	Payroll Direct Deposit		1,779.25	2,698.80
9/27/17	Savings Transfer	200.00		2,498.80
9/27/17	Top Dollar Investment Firm	350.00		2,148.80
9/28/17	Verizon	81.37		2,067.43
9/30/17	Wells Fargo - car loan	251.68		1,815.75
10/1/17	SafeLiving Renter's Insurance	15.00		1,800.75
10/1/17	City Apartments	900.00		900.75
10/3/17	Thoughful Gifts & More	47.27		853.48
10/3/17	Fill Up Gas Mart	40.00		813.48
10/3/17	Household Stuff and More	52.10		761.38
10/5/17	Rolling Bowling	40.00		721.38
10/7/17	Stuffy's Pharmacy	30.00		691.38
10/7/17	Department of Education - student loan	262.50		428.88
10/7/17	Hometown Grocery Mart	201.48		227.40

Answer This:

4. Analyse Carrie's credit card statement and bank statement. How would you describe her spending habits?

5. Create a list of Carrie's fixed and flexible expenses.

Fixed	Flexible

6. Carrie questions whether she should be paying her credit card in full each month. That $300.00 payment would help cover her rent increase. She questions whether she should start making minimum payments on her credit card and use the remaining money toward her rent. If you were Bryce, how would you respond? What advice would you give Carrie?

7. Carrie and Bryce have a mutual friend who is moving back to the area for a job. Carrie mentions the idea of taking on a roommate to help save money and compensate for the rent increase. Bryce explains that this will help with the cost, but there are several factors to consider before taking on a roommate. They read this article on the pros and cons of having a roommate. Help Carrie generate a list of positive and negative reasons for having a roommate.

Before Carrie can make a decision on whether to take on a roommate, or where she can get the extra money for her rent, she has to create a monthly budget. Bryce and Carrie work hard at going over Carrie's fixed and flexible expenses and generate the budget below.

Exhibit 3: Carrie's Budget

Net Pay	$3,558.50

Monthly Expenses

Savings/Debt Payoff	
Savings Account	$200.00
Investments	$350.00
Credit Card	$300.00
Student Loans	$262.50
Home	
Rent/Mortgage	$900.00
Taxes	
Utilities	$132.00
Phone Service	$81.00
Cable TV Service	$89.00
Maintenance Expenses	
Insurance	$15.00
Food/Sundries	
Food	$350.00
Personal Care Items	
Small Home Care Items	$100.00
Personal	
Clothes	see Credit Card
Haircuts, Manicures	
Dry Cleaning	
Gym Membership	$80.00

Transportation	
Car Loan Payment	$251.68
Auto Insurance	$75.00
Gasoline	$80.00
Maintenance Expenses	
License/Registration Fees	
Bus/Subway Fares	
Entertainment	
Restaurant Meals	$80.00
Events	$80.00
Travel Expenses	
Miscellaneous	
Child Care Expenses	
Gifts	$50.00
Donations/Charities	
Pet/Hobby Expenses	
Education Fees	
Health Care	
Health Insurance	N/A Carrie is still on her parent's insurance
Doctor & Dental Fees	
Prescription Medicines	$30.00
Other Insurance (Health/Life)	
Grand Total	**$3,506.18**

Answer This:

8. How much money does Carrie have left over after creating her budget? Where can she adjust so that her budget is balanced and income is equal to expenses?

9. If Carrie decides to continue living on her own, how can she alter her monthly budget to pay for the $300.00 rent increase? Give specific suggestions.

10. If Carrie decides to have a roommate, how would this alter her current budget? Approximately how much money would that save Carrie per month?

11. What are other solutions Carrie and Bryce did not think of?

12. What final pieces of advice can Bryce offer Carrie in order to best handle the rent increase and stay in her apartment? Explain your answer.

DAY 2

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BANKING

Case Study Summary

Description: In this Case Study, students will learn about two high school friends with very different savings habits. Samuel is a super saver but not happy about it. Juan Carlos, with no history of saving, learns suddenly that he will need to develop a savings plan for college.

Internet Usage: Yes

Spreadsheet Skills: N/A

National Standards for Personal Finance Education

Spending

- 1a: Identify their short-term and long-term financial goals

Saving

- 9a: Explain how external influences (e.g. peers, family, or social media) can impact personal savings decisions
- 9b: Identify strategies to manage psychological and emotional obstacles to saving

Save Me!

Samuel and Juan Carlos have been friends since kindergarten, but they could not have been more different from each other when it came to their savings habits. Samuel worked part-time jobs wherever he could find them from the age of 14. He worked at the local burger joint, for a local landscaper and bagged groceries at the organic food store.

Samuel came from a family of six that believed in the importance of a college education but didn't have the financial resources to cover the ever- increasing costs. He remembers vividly the conversation he had with his mom when he was about ten. She told him that given the family's financial situation; he would need to work hard to be able to afford college.

Now just two years from starting college, Samuel wanted to figure out where he stood and what the future would look like. As a meticulous record keeper, Samuel kept a running tally of his earnings and savings over the past three and a half years:

Age	Annual Gross Pay	Annual Savings
14	$2,000	$1,000
15	$4,000	$3,300
16	$5,500	$4,500
17 (data for first 6 months)	$6,500	$5,500

His hourly rate had remained remarkably steady at about $10 an hour over the years, but he saw the hours he worked increase and his savings too. Yet, as he started his junior year, he didn't feel as happy about his current situation as he should have. Here were a few of his troubles:

- Despite his large and growing savings account, he wasn't sure when enough would be enough. He read headlines about $60,000 annual tuition and didn't believe he would ever have enough. This discouraged him!

- His grades started to suffer as he found it more and more difficult to juggle his jobs and carry a full course load. He figured competitive colleges would take into account his work schedule, so he was less concerned about his GPA dropping from 3.8 to 3.0.

- He didn't feel like he was seeing his friends enough. Between work and school, he didn't have enough time and then when he did have time, he didn't feel like spending money. His friends were tired of asking him to go to the movies or out for dinner because his answer was always "no."

- His parents' car broke down and they asked him for $1,000 to cover the cost of repairs.

Answer this:

1. Do you think that Samuel is a good saver? Use data to support your answer.

2. As Samuel's friend, help him think through each of the items that is troubling him:
    a. When is enough going to be enough? **or** How is he ever going to afford college?

b. Academic GPA trending down

c. Social life

d. Parents asking for money

Juan Carlos's situation was very different from Samuel's. He grew up in a family of four and lived in a spacious home with a yard big enough to host the neighbourhood touch football game.

He got decent grades in school and always assumed that college would be taken care of because both his mom and Dad went to college, and they were constantly harping on the importance of a college education. As the oldest child in the family, he could not anticipate what was coming when his mom sat him down at the beginning of his junior year in high school:

> *"Your father and I think it is important that you feel invested in your education, Juan Carlos, and we want you to know that we will cover most of the cost of your college education. However, we believe it is important that you be responsible for about $4,000 of the cost each year you are in college."*

Juan Carlos couldn't believe what he was hearing:

> *"$4,000 a year! I don't even have $300 in my savings account. You know how hard it is for me to save money from my part-time gigs. Why did you wait so long to tell me? There is no way that I can do this. I don't have a steady job that can produce that kind of income. I guess I won't be going to college after all!"*

His mom, nonplussed by his reaction, gave him a week to develop a plan to make this happen. Once he calmed down, Juan Carlos's first call was to his super saver friend, Samuel. Upon hearing of his predicament, Samuel hopped on his bike and headed over to help his friend. As he rode through town, he mulled over the questions he would ask Juan Carlos to develop a plan:

Answer this:
3. What are at least FIVE questions that Samuel should ask Juan Carlos to help them develop a plan?

There were so many questions that Samuel was throwing at Juan Carlos that he started to feel lightheaded. How could he organize all the various scenarios that they were discussing and turn it into a meaningful plan? Ah, thank goodness for Samuel and his strong math skills because he helped Juan Carlos work through different savings plans to figure out if he could meet his goal of earning $4,000 per year for college.

Samuel proposed several savings plans for Juan Carlos. Review them below and answer the questions that follow.

Please note: There are 40 weeks in a school year and 12 weeks of summer. Assume Juan Carlos makes $10/hr.

Savings Plan #1

Juan Carlos works **10 hours/week during the school year** and **40 hours/week during the summer** and **saves 20% of his income**.

4. Will Juan Carlos meet his $4,000 goal for every year in college with this plan? Explain your answer.

Savings Plan #2

Juan Carlos works **40 hours/week in the summer** but **0 hours/week during the school year**, so he can focus on his studies.

5. What would his **savings rate** need to be to accomplish his goal of contributing $4,000 a year towards his college education? Explain your answer.

6. Based on Juan Carlos' saving history, is it *realistic* for Juan Carlos to save that percentage of his income? Why or why not?

Savings Plan #3

Juan Carlos works **20 hours/week during the summer, 0 hours/week during the school year,** but **saves 100%** of his income.

7. Will Juan Carlos meet his savings goal with this plan? Explain your answer.

After hours of number crunching Samuel finally helped Juan Carlos come up with a savings plan that would help him achieve his goal. Juan Carlos will need to work **40 hours/week during the summer**, **24 hours/week during the school year**, and **save 30%** of his income.

Answer this:
8. “I don’t have a good track record with saving and 30% seems like a lot! Any ideas on how I can convince myself to save more?” Samuel’s advice to Juan Carlos, “Google it!”

After doing your own online research, jot down at least three ideas you think can help Juan Carlos save more.

Juan Carlos seemed so lost a week ago when his mom told him about her financial expectations for his college years. Now, supported by Samuel’s awesome savings plan and having spent lots of time thinking and researching, Juan Carlos developed a savings plan that he was proud to deliver to his parents.

DAY 3

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INSURANCE

Case Study Summary

Description: In this Case Study, students will help a worried young graduate understand his insurance costs, how they compare to the national averages, and what he can do to make insurance more affordable.

Internet Usage: Required

Spreadsheet Skills: None

National Standards for Personal Finance Education

Managing Risk

- 1a: Discuss whether a premium paid to insure against a crash that never happens is wasted
- 1b: Analyse the conditions under which it is appropriate for young adults to have life, health, and disability insurance
- 2b: Recommend types of insurance needed by people with different characteristics
- 4a: Research factors that result in lower auto insurance premiums
- 5a: Discuss the advantages of obtaining health insurance coverage through an employer plan versus buying private insurance or being uninsured
- 7a: Explain the primary types of losses covered by auto, homeowner's, and renter's insurance policies
- 7b: Describe situations where someone may be liable for injuries or damages to another person or their property

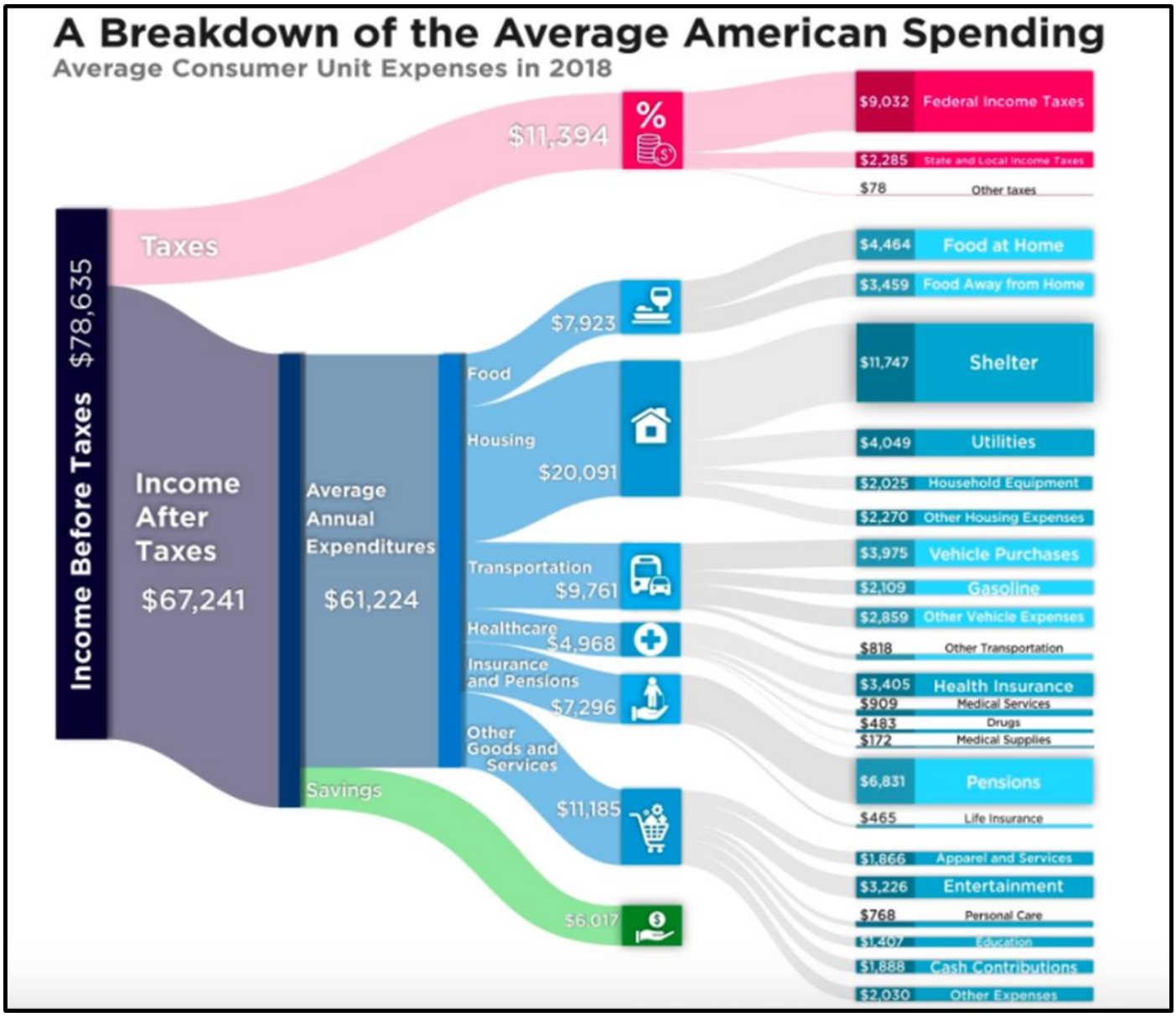
Like a Good Neighbor, Noelle Is There

NoRisk Insurance Co is trying to increase their business, so they've hired a new employee, Noelle, and they've launched a call-in web series called "No Risk Insurance Talk with Noelle!"
Noelle's first caller of the day is Eugene, a disenchanted recent college grad who's convinced he's overpaying for insurance.

Noelle: Hi, Eugene. Welcome to the show! What seems to be your insurance question?

Eugene: Noelle, I'm so upset. I saw an infographic on social media, and it made me realize not only do I make far less than the average American, I think I'm also overpaying for insurance! Can you help me out? Here's the data I'm referring to:

Exhibit 1



Noelle: Let's figure this out for you. First, how old are you, what kind of work do you do, and, if you don't mind sharing, what is your annual pretax income?

Eugene: I'm 23 years old, I'm in my second year as an accountant at a midsize company, and I make $60,000 per year.

Noelle: Let's tackle your income concerns first. Let's look up the median salary for an accountant or auditor in the United States on CareerOneStop.

Answer This:

1. Is Eugene being paid fairly? Use data from the website to support your answer.

Noelle: OK, now that we've got some insight on your annual income, let's tackle your insurance costs. I'm going to visit the site where you found this data, A Breakdown of the Average American Spending, and let's look at the data from 2018 (also shown in Exhibit 1). These charts are fun to look at, but when I think critically about what they're telling me, we can get some real answers.

Answer This:

2. Noelle suggests they divide the Insurance and Pensions cost by 12 to determine the average monthly expenditure for an American. How much would this be?

3. Noelle reminds Eugene that, as an early career professional, he's only making a fraction of the average American household income used in the chart ($78,635). So, she recommends Eugene calculate what his monthly Pension & Personal Insurance cost would be if it was in proportion to the salary he's making. How much would this be?

Eugene: ARGH! My car insurance **alone** is more than that!

Noelle: Whoa! Not so fast. What I think you're not understanding is that the Pensions & Personal Insurance category is a measure of how much you're paying into Social Security, any pensions your job might have (not likely as you're not a government or unionized employee), and *personal* insurance policies, like life insurance. We're not talking about car insurance here.

Eugene: What? I don't even have life insurance! I'm 23! But can we look at my car insurance payments anyway? I pay $400 per month to insure my car. The whole thing's probably worth about $2000, and I'm spending that much every five months just to insure it!

Noelle: Whoa! That does sound pretty steep; I'm sure NoRisk Insurance Co could offer you better rates, though you may have a few factors working against you. Let's review our Reference: Car Insurance Rates to figure it out!

Answer This:

4. What assumptions might Noelle make about why Eugene's auto premiums are so high?

5. Compared to the rates in the reference Noelle provided, **IS** Eugene paying too much for auto insurance? Support Noelle's findings with data from Reference: Car Insurance Rates.

Eugene: My other major complaint is that I'm an impeccable driver -- no accidents in my 7 years of driving. I feel like I'm paying these premiums so that other people can drive crazy! I'm about to cancel my car insurance.

Noelle is trying not to panic on-air, as she certainly doesn't want other viewers to decide they should cancel their auto insurance, too.

Noelle: There are ways we can lower your auto insurance bill without canceling altogether. Insurance plans include different types of coverage. Most states require basic liability insurance, but you can adjust how much coverage you want for other types of auto insurance. Learn more about those categories before making any changes.

Answer This:

6. If Eugene wants to decrease his auto insurance bill, which type of coverage would be the best option to reduce? Why?

7. Noelle's beginning to sweat but wants to play it cool. Write a response for Noelle to convince her viewers that auto insurance is a must-have financial tool.

Eugene: OK, I hear what you're saying, that I shouldn't cancel my car insurance, but I'm still not happy. I am still paying way too much, TOTAL, for insurance. Right now, I'm still on my mother's health insurance plan, which she receives through her employer, but she makes me pay $200 per month towards it!

Exhibit 2



Noelle: Well, let's see if you've got a good thing going there on your mother's health plan, or whether maybe buying insurance on the marketplace would be a better option. We can use this chart as a point of reference regarding the family plan.

Answer This:

8. Noelle uses the federal Health Care Plan Finder and what she knows about Eugene to find marketplace rates currently. Assuming Eugene lives in your home state and is a nonsmoker, would Eugene save money by buying insurance on the marketplace? Why or why not?

9. Is Eugene getting a good deal by chipping in to stay on his mother's plan? Explain.

Noelle: If we're trying to decide between the lowest cost option on the marketplace and the plan you share with your family, we'll need to compare more specifics. Here's a side-by-side of the two plans.

Exhibit 3

COVERAGE LEVEL		SILVER $0/$50
Network Availability		UPMC Partner Network UPMC Select Network UPMC Premium Network*
Deductible In-Network		Individual: $0 Family: $0
Out-of-Pocket Limit In-Network		Individual: $7,350 Family: $14,700
Plan Payment Level		Covered at 100%; you pay $0
Primary Care Provider Office Visit		You pay $50 copayment per visit
Specialist Office Visit		You pay $100 copayment per visit
Emergency Care		You pay $1,000 copayment per visit; copayment waived if you are admitted to hospital
Urgent Care		You pay $100 copayment per visit
Inpatient Hospital (Semiprivate Room)		You pay $3,500 copayment per day
Pharmacy Deductible		$75
Pharmacy Summary		$25/$50/$100/50% after pharmacy deductible

Answer This:

10. Eugene has never looked in depth at a health insurance policy before. Noelle doesn't want to overwhelm him, so she wants to point out three key differences Eugene should care about when comparing catastrophic coverage to what his mother's silver plan provides.

a. Key Difference 1:

b. Key Difference 2:

c. Key Difference 3:

11. Now that Noelle has helped him understand insurance better, what should Eugene's next steps be? Remember, he's ultimately concerned about the insurance costs he's paying each month.

Exhibit 4



Noelle: Alright, Eugene, we're just about out of time, but I've got to ask: Do you have renters' insurance?

Eugene: No! I do know I don't want my insurance bill going up any higher than it needs to.

Noelle pulls up a flyer for No Risk Insurance Co (Exhibit 4 above) and asks Eugene to take a look at just how affordable renters' insurance is.

Answer This:

12. How much would Eugene's total insurance bill increase monthly if he added a renters insurance policy?

13. Help Noelle convince Eugene that if he wants to ultimately save money, renters insurance is a policy he cannot afford to skip.

Eugene: Noelle, please don't end the call just yet. We've been chatting so long, I'm not sure if I'm walking away spending more or less than I previously was on insurance. Can we review everything?

Answer This

14. Compare the amount Eugene was originally spending on car, health, and renters insurance versus how much he will be spending if he follows Noelle's advice as answered in the questions above.

15. Noelle needs to wrap up this episode of "Insurance Talk with Noelle." Summarize what Eugene and the viewers at home learned today about insurance.

DAY 4

https://docs.google.com/document/d/1LdKdS72xfihMEvrS69Yh3S_ZXKZN3qWWM8RK5o3wxbc/edit?tab=t.0

Paying for College

Case Study Summary

Description: Students assume the role of a guidance counselor and help seniors with their college decision process

National Standards for Personal Finance Education

Managing Credit

- 4a: Describe the different sources of funding for postsecondary education
- 10a: Describe how failing to repay a loan can negatively impact a person's finances and life

Earning Income

- 3a: Evaluate the costs and benefits of investing in additional education or training

CASE STUDY: What College Should I Attend?

Spring is here, and seniors are deciding on where to go to college. You are Susan Smith, a guidance counselor, and you're helping students navigate acceptances and financial aid packages. Jordan has been accepted into his top three colleges and has everything figured out. He comes into the office to announce his decision with pride.

Jordan: *Ms. S, I got accepted to my top 3 colleges and I've decided where to go!*

Ms. S: *Congratulations, Jordan! Before you make a final decision, let's review the numbers.*

Jordan: *But Ms. S, I don't need to. All three gave me over $15,000! Can't I just tell you my choice?*

Ms. S: *Financial aid offers can be tricky. Let's double-check your financial aid letters first.*

	GoodTimes U.	Fine State U.	Univ. of Happy Valley
Sticker Price	$57,000	$29,000	$43,000
Grant/Scholarship Aid	$26,000	$16,000	$21,000
Net Price			

Jordan: [Takes a moment to review the Financial Aid summary, and then responds:]

- *I'm so lucky to get into GoodTimes U. It's expensive, so it must be better, right?*
- *GoodTimes is giving me a $26,000 scholarship! That's thousands more than the others.*
- *The price difference is only about $18,000. I'll have my whole career to pay it off.*
- *I haven't talked to my parents yet, but I know they'll support me when they see how much I'm getting. I can cover the rest with loans!*

1. Complete the table by calculating the net price for each school: Net price = Sticker price - Grants/Scholarships
2. Correct Jordan's misconceptions about the true cost of each school
    a. Underline <u>two</u> incorrect statements that Jordan made.
    b. Tell Jordan why his assumptions were flawed and add any relevant information that he's missing.

Write your comments to Jordan below

Ms. S:

Jordan: *So, you think I should go to Fine State U?*

Ms. S: *Cost is important, but it's not everything. What else matters to you?*

Jordan: *I want to make sure my school has a good psychology program. And I want to go to a small school.*

Ms. S: *Good points! What else are you looking for?*

Jordan: *I want small classes, it's easy to get to know people, a close-knit community, and good job prospects after graduation. Oh, and a frisbee club would be great!*

Ms. S: [Pulls out a chart] *Why don't you look at this? It shows key information about the three schools you're considering.*

	GoodTimes University	Fine State University	University of Happy Valley
Prestige			
Acceptance Rate	61%	19%	38%
Psychology Program Rank	Not Ranked	#37 in U.S.	#24 in U.S.
Student Life			
Key Clubs	Acappella, ultimate frisbee, business clubs	Newspaper, affinity groups, political clubs	Peer mentoring, tutoring, radio station
Student: Faculty Ratio	14:1	12:1	15:1
Total Undergraduate Population	5,000	8,000	18,000
Location	6-hour flight	3-hour drive	1-hour drive
Outcomes and Cost			
4-Year Graduation Rate	35%	79%	81%
Average Salary (1 year after Graduation)	$40,000	$54,000	$47,000
Loan Default Rate	10%	2%	2%
Net Price			

Jordan: [Reviews the chart for a few seconds and begins talking. Here are the highlights of what he says]

- *GoodTimes U accepts more students, so they probably have better students.*
- *GoodTimes U has fewer students, so classes will be smaller. Fine State U has a lower student-faculty ratio, but when I visited their introductory psychology class, it had over 200 students!*
- *GoodTimes U's lower graduation rate must mean it's more challenging. Graduating from there will boost my job prospects.*
- *I'm not sure what loan default means, but a higher rate is probably good, right?*

3. You think Jordan might have some misunderstandings about the chart.
    a. Underline <u>three</u> incorrect statements that Jordan made.
    b. Clarify why his thinking is flawed and provide accurate information

Write your comments to Jordan below.
Ms. S:

Jordan: *Maybe GoodTimes U isn't best for me. How do I choose with all this information?*

Ms. S: *Let's break it down into pros and cons for each school.*

4. Complete the chart below.

	PROS	CONS
Good Times U		
Fine State U		
University of Happy Valley		

5. Which school should Jordan choose? Why is that school the best option?

6. Jordan focused on criteria like class sizes, acceptance rate, and graduation rate. What other factors might be important to consider when deciding on a college?

DAY 5

https://docs.google.com/document/d/1CCLGTywmEQUVhZz2KijwQ--RoWofwXGVyrhHUrpNAEI/edit?tab=t.0

Consumer Skills

Case Study Summary

Description: In this series of common situations for consumers, students will determine "What is the Catch?" to help them avoid these potential financial pitfalls.

Internet Usage: Yes

Spreadsheet Skills: None

National Standards for Personal Finance Education

Spending

- 2a. Select a product or service and describe the various factors that may influence a consumer's purchase decision
- 2b: Describe a process for making an informed consumer decision
- 5b: Brainstorm consumer research strategies and resources to use when making purchase decisions

Saving

- 9a: Explain how external influences (e.g. peers, family, or social media) can impact personal savings decisions

What's The Catch? Be A Savvy Consumer!

As a consumer, we face difficult decisions every day. What's the best price for this item? Am I getting ripped off by this salesman? Is this deal as good as it sounds? Today, you'll tackle a number of these common situations and practice the skills to avoid misleading marketing, find the best deals and make decisions that are in your best financial interest.

Situation #1
Samantha wanted a cheap chair that she could use in her dorm room, did a quick search and here is what she found:



Roll over image to zoom in

Modway

Modway Miniature Casper Novelty Chair in Clear

71 customer reviews | 3 answered questions

Price: $12.75 prime

Your cost could be $2.75. Eligible customers get a $10 bonus when reloading $100.

In Stock.

Want it Friday, Nov. 3? Order within **21 hrs 39 mins** and choose **One-Day Shipping** at checkout. Details

Ships from and sold by Amazon.com.

- Made of acrylic
- Only 6" tall
- Minature replica

› See more product details

Used & new (9) from $4.53 prime

Report incorrect product information.



Explore must-haves for your Living Room

Shop by Room offers products for all of your Living Room needs, from couches to area rugs, floor lamps, wall art and more > Shop now

Answer This:

1. If Samantha texted you a link to this item and asked for your opinion,
    a. What would you tell her?

b. Would you recommend she purchase the chair? Why or why not?

2. Is there a larger lesson with this example that you can apply generally to online shopping?

Situation #2

Johnson heard that familiar ping that told him he had received an incoming text. When he looked at his smartphone, he saw this text coming directly from his cell phone carrier:

We appreciate your loyalty. You are currently on the $50/2GB per month plan. You can now get an extra 2GB of data per month for the same price you pay now. There's no change to your voice plan or contract extension. Would you like to move to this new plan? If so, reply YES.

Answer This:

3. Why do you think the cell phone carrier is asking Johnson via text?

4. Are there additional questions that Johnson would want to have answered before proceeding?

5. What's The Catch? What should Johnson do? Why?

Situation #3

Jeanne was shopping for a desk with her parents at their favorite furniture store. As they proceeded to check-out, the sales associate asked if they were interested in a special offer. If her parents signed up for the store credit card, they would receive a 10% discount off the purchased items and not have to make any payments for six months. Here was the offer next to the cash register:

Earn 10% back in reward dollars.[1]
Or receive 6 months special financing.[2]

Applications are subject to credit approval

1 This reward program is provided by Furniture R Us; terms may change or the program may be discontinued at any time. Transactions less than $999 earn reward dollars. Transactions equal to or greater than $999 may choose between earning reward dollars or promotional financing.
2 Promotional financing available with Furniture R Us Credit Card accounts offered by Comenity Bank, which determines qualifications for credit and promotion eligibility. $999 minimum purchase and minimum monthly payments are required.

Jeanne had often heard her parents complain about forgetting to pay bills, so this seemed like the perfect solution; her parents would have six months before needing to pay anything. Her parents, remembering that Jeanne had taken a personal finance course, asked her what she thought they should do.

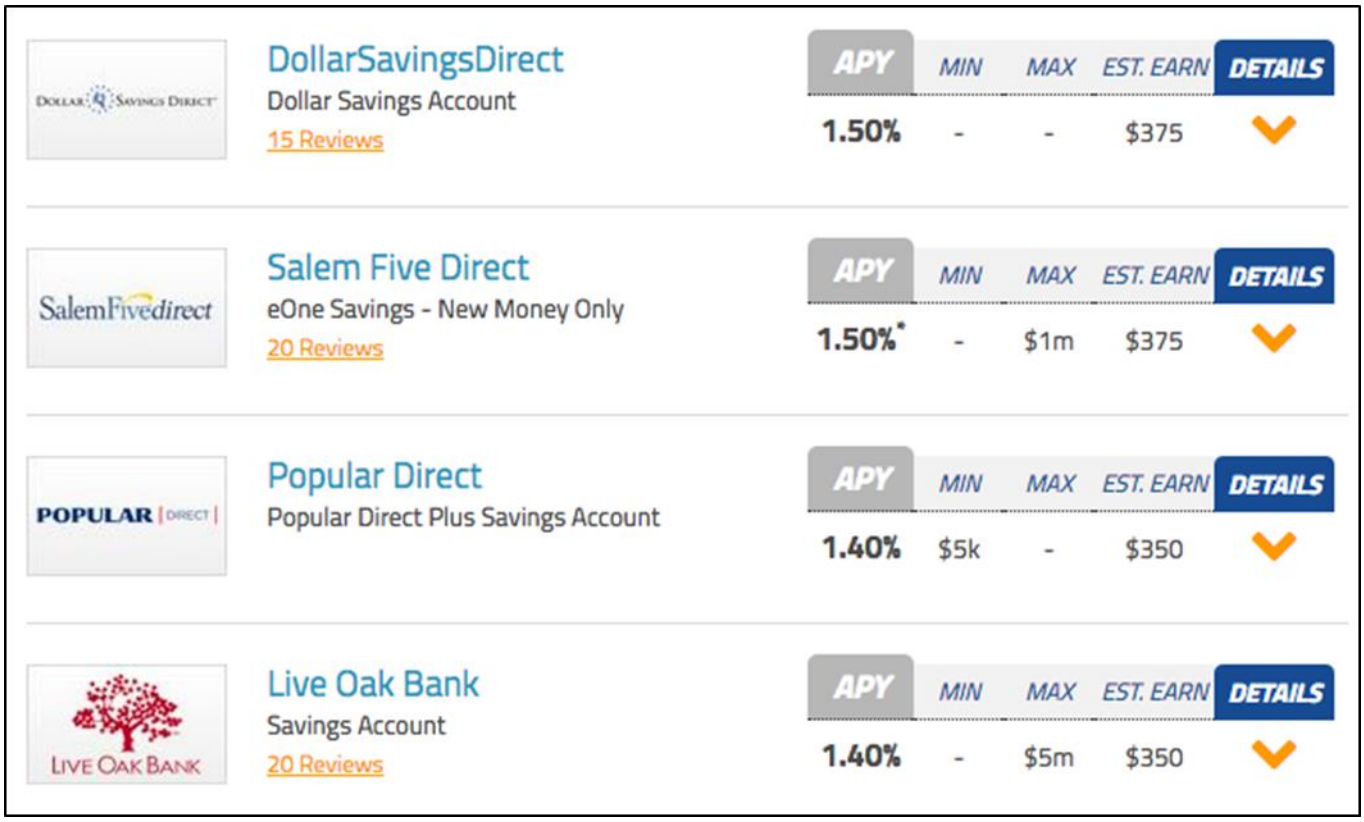
Answer This:

6. Compare what the salesperson said with the headline of the ad and the ad's fine print. What are the inconsistencies that Jeanne should worry about?

7. What should Jeanne tell her parents? Should they take the offer that the sales associate is offering? Why or why not?

Situation #4
Your friend Derek has hired you to find him the highest interest rate on a standard savings account. He has $1,000 he earned from waiting tables and isn't happy with the 0.01% interest he currently earns from BigBank. He's an impatient guy and only gives you ten minutes to complete the task. His only advice is "use those comparison sites" so you don't have to go look at banks on an individual basis. Oh, you also know that he asked his friend Ren to complete the same task, and he's only going to pay one of you. Ready...set….go!

Here's what he found on a savings comparison website:



Answer This:

8. What are three questions Derek should get answers to prior to making a decision on which bank to choose?

9. Which of the four banks on the list should he immediately cross off his list given how much money he has to save?

10. Derek clicks on the Advertiser Disclosure (the "fine print") provided on the homepage of one the comparison websites, and sees the following:

    SavingsComparison.com [fictitious name] is an independent, advertising-supported deposit account comparison service. SavingsComparison.com monitors over 10,000 banks and credit unions. SavingsComparison.com does accept advertising compensation for featuring certain products from a very small percentage of these financial institutions. This advertising might influence where these products or financial institutions appear on the site. However, this

advertising does not influence whether a product is included on the site, nor does it influence how the products or institutions are assessed within SavingsComparison.com's editorial coverage or its financial health rankings. While very comprehensive, SavingsComparison.com does not include all deposit accounts available.

a. How does the specific comparison site stay in business (i.e., how do they make money?)

b. In your opinion, does this affect the credibility of this site? Why or why not?

Situation #5

Samuel stopped by Frank's apartment in early January with a flier from this rent-to-own company he recently visited (see below). Frank wanted to have a Super Bowl party at his house but didn't have a TV screen large enough to impress his friends. He and Samuel had been brainstorming about ways for them to get a bigger TV, and this seemed to be the solution:



Here is how Samuel described the concept to Frank:

> We are all set! You can rent an item like this big screen TV for a small monthly payment, in this case, $134.28, and at the end of the rental period you own the item. If you can't make the payment, well, you just turn it back in with no questions asked. Oh, and there's no credit check. So, just think -- you can walk away with this $3,000 TV set for a little over one hundred dollars a month. What a deal! What is there not to like?

Answer This:

11. Review the advertisement to answer these questions:
    a. How much would Frank pay for the TV if he had money saved to pay for it today?

    b. How many months would Frank have to make payments in order to own the TV?

    c. If he made all the monthly payments, how much would Frank pay over the course of the rental period? How does this amount compare to the cash price?

12. List any concerns that you think that Frank might have about this “deal.”

13. Rent-to-own centres are a multi-billion-dollar business. Why do you think their approach is so popular?

14. Extra Credit. While this isn’t technically a loan, it might be fun to figure out what the implied interest on this rental arrangement is.
    a. Go to this Rent-To-Own Model (TV) spreadsheet.
    b. Make a copy of the spreadsheet
    c. Enter Interest Rate guesses in cell B6.
    d. Keep guessing until you can get cell F31 as close to zero as possible (+/- $100 is Ok)
    e. What is the implied interest rate?