



FEDERAL RESERVE BANK
OF PHILADELPHIA

Let's Get Financially Focused!

By Benjamin T. Zartman III

*A lesson to accompany the
"Money in Motion" Exhibit*

Introduction

The need for personal financial education has never been more important. People are living longer, technological advances have increased the complexity and number of financial products available, retirement requires more resources, and government-provided retirement resources may become less reliable. Individuals need to become more financially savvy and focused. Banking involves the use of different types of accounts and credit. Credit is increasingly available. People can often avoid financial difficulties by understanding how to use credit wisely, understanding the positive and negative consequences of using credit, spotting credit card fraud and counterfeiting, and guarding against identity theft.

Grades

9-12

Concepts

Credit
Interest Rates
Fraud
Identity Theft
Purposes and Functions of the Federal Reserve System

Content Standards

National (Jump\$tart)—Money Management Standards: 1, 2, 3, 4, 7, 8
Spending and Credit Standards: 1, 4, 7
Delaware—Consumer and Resource Management Standards: 2.2 and 2.3
Pennsylvania—Academic Standards in Economics Standard 6.5.9
Academic Standards for Family and Consumer Sciences 11.1.9
New Jersey—Social Studies Standards: Standard 6.5; Career Education and
Consumer, Family, and Life Skills: Standard 9.2

Pre-Visit

Lesson Description

Students complete a short assessment of their knowledge about personal finance. Then, students learn concepts and terms related to personal financial education by participating in a bingo game. Working in groups, students prepare a set of calculations as financial advisers for a mock client.

Lesson: Let's Get Financially Focused!

Grades 9-12

"Money in Motion" Curriculum
Federal Reserve Bank of Philadelphia

This lesson assumes that students have received some prior instruction on personal finance and credit. Students should have a general understanding of what credit is and why a consumer would use or not use credit throughout his or her life.

Objectives

Students will be able to:

1. Define credit.
2. Explain the negative impact that counterfeiting, forgery, fraud, and identity theft can have on an individual's financial health.
3. List numerous forms of payment and rank them in order of sophistication.

Time Required

60 minutes

Materials

Visual 1

Visual 2

Visual 3

Activity 1, one per student

Activity 2—bingo card, one per student

Activity 2—bingo word slips, cut apart and folded into fourths

Activity 3, one copy cut apart

Activity 4, one copy per student

Activity 5, one copy per student and a visual of this activity

The Fed Today video (*optional*)

Prizes for bingo game (e.g., chocolate bars, homework passes, etc.)

Procedure

1. Display Visual 1. Ask students what they think Eric Tyson's statement means. (*Answers will vary.*) Explain to the students that they need to understand how to use credit wisely before they start to use it. Misuse of credit could come back to haunt them for years to come, while the correct use of credit can help students achieve goals and success.
2. Discuss the following:
 - a. What is credit? (*Credit is the promise to pay in the future in order to buy or borrow in the present. Credit is the ability to defer payment to a future time.*)
 - b. What have you or someone you know purchased with credit? (*Answers will vary but may include purchase of an automobile, home, household appliances, household items, etc.*)

- c. Why did you or the person you know choose to use credit instead of cash? *(Answers will vary but may include ease of payment, payment terms, safety, etc.)*
 - d. What do you or the person you know see as the possible benefits and pitfalls of credit use? *(Answers will vary but may include as benefits: greater purchasing power, ease of use, safety, able to reach their goals at a faster pace; pitfalls: personal bankruptcy, charging too much, being charged an over-limit fee, not being able to pay the credit card bill when it arrives, theft of their credit card, etc.)*
3. Explain to the students that the class will be visiting the Federal Reserve Bank of Philadelphia’s “Money in Motion” exhibit. Before the visit, at the exhibit, and after the visit to the exhibit, they will learn about the benefits and pitfalls of consumer credit. They will also analyze financial scenarios involving credit, banking, and identity theft.
4. Distribute a copy of Activity 1 to each student. Explain to the students that this activity is a pre-assessment of their current understanding of the material they will be learning. Administer the pre-assessment in class.
5. Display Visual 2. Ask the students to switch papers with someone near them and grade their neighbor’s paper based on the answers on Visual 2. Once the grading is finished, paper should be returned to the students.
6. Discuss the following:
 - a. What did you learn about your knowledge of credit card issues? *(Answers will vary but may include I didn’t know as much as I thought I did; I need to learn more.)*
 - b. Why is it important to understand more about how to use credit cards correctly? *(Answers will vary but may include: If I get a credit card and I do not use it properly, the mistakes I make can have an impact on my financial life for a long time.)*
7. Distribute a copy of Activity 2—bingo card to each student. Explain to the students that they are going to play a version of the classic bingo game. In this version of the game, you will read the definition of a word and one student will raise his hand and identify the word that matches the definition you just read. Once you have confirmed that the student has the correct answer, students can cross out the word on their bingo sheets. When a student gets five words crossed out in a row (horizontally, vertically, or diagonally), they should call out “bingo.”

8. Display Visual 3. Instruct the students to write one term from the visual in each blank on their bingo card. Explain to the students that they should place these terms on their card randomly. Explain to the students that you will provide prizes (chocolate, homework passes, etc.) to the winners.
9. Place the folded word slips from Activity 2 in a box or hat. Draw each slip from the box. Read the definition and wait for a student to raise his or her hand and offer the answer. If the student offers the correct term that corresponds with the definition you read, instruct the students to cross out the corresponding spot on their bingo card. Continue until a student wins. Award the prize and continue the game until you have covered all of the slips in your box. Award the prizes as successive students win.
10. Discuss the following:
 - a. What things do counterfeiting, identity theft, fraud, and forgery have in common? (*Counterfeiting, identity theft, fraud, and forgery all represent crimes that can significantly affect an individual's financial standing.*) Explain to the students that when an individual gets a counterfeit note, they lose money equal to the face value of the note, since it is illegal to knowingly pass a counterfeit note and no one, not even the Federal Reserve, will reimburse you for the loss. Tell the students that the theft of an individual's identity can result in years of disrupted finances, since the perpetrator of the crime usually takes out credit in the victim's name and doesn't repay it. Fraud and forgery represent other means by which criminals steal money from innocent victims.
 - b. List the forms of payment mentioned in the bingo game. (*Check, electronic transfer, debit card, credit card, smart card, currency, notes.*)
 - c. Propose a rank of the payment methods from least sophisticated to most sophisticated. (*Answers will vary slightly but should follow this continuum: currency, check, credit card, electronic transfer, debit card, and smart card.*)
11. Explain to the students that during their visit to the Federal Reserve Bank of Philadelphia's "Money in Motion" exhibit, they will be working in pairs as financial advisers to a mock client with a certain financial situation. They will use various stations in the "Money in Motion" exhibit to research the strategies they need to provide advice to their client.
12. Put students into groups of two. Distribute one of the Client Cards from Activity 3 to each group. If you have more students than cards, create some groups of three students. Instruct the students to read their card in their groups. Ask if the students have any questions about their mock client. This card is a brief and concise

summary of their mock client and their mock client's present financial situation. Tell groups to write their names on the back of the card.

13. Distribute a copy of Activity 4 to each student. Explain to the students that they are going to work in their groups to complete the financial plan worksheet. This worksheet will serve as their report to their mock client. Explain that there are sections of this worksheet they will complete before they go to the exhibit, sections they will complete at the exhibit, and sections they will complete after they return from the exhibit.
14. Explain to the students that you are going to review how to complete the sections of the worksheet that require calculations. Distribute a copy of Activity 5 to each student. Display your visuals of Activity 5. Using the sample card on the first page of Activity 5, explain to the students how each calculation was made on the Client Information section of the worksheet. Explain that the Credit Card Calculations section of the worksheet will be completed at the exhibit. Explain to the students that the Swipe It station at the "Money in Motion" exhibit includes a debt calculator that can be used to calculate the total amount and time that it will take to pay off a given credit card debt with a given interest rate and constant monthly payment. Explain that there are two ways to do the calculation on the debt calculator: (1) If you enter only the credit card debt and the interest rate, but leave the monthly payment blank, you will calculate the total amount and time that it will take to pay off the credit card debt *if you make only the minimum payment each month*. (2) If you enter the credit card debt, the interest rate, and the monthly payment into the debt calculator, you will receive the total amount and time that it will take to pay off the credit card debt given *that constant monthly payment*. Explain that the numbers on Activity 5, based on the sample client card, were calculated by the debt calculator.
15. Explain to the students that the notes in the left margin of Activity 4 indicate which questions they should answer before they go to the exhibit and which questions they should answer at the exhibit. All questions without any notes in the left margin should be completed after answering the "at the exhibit" questions.
16. Give students time to work in their groups and complete the questions on the first page of Activity 4 marked for completion before visiting the exhibit. Tell students to put their names on Activity 4.
17. Collect Activity 4 and the client cards from the students. Tell the students that you will be returning their worksheets and client cards on the bus or when you arrive at the exhibit. Tell the students to bring their copies of Activity 5, a pen or pencil, and a quarter to the exhibit. Tell the students that they will be able to exchange their quarter for the latest state quarter at the exhibit.

Closure

1. What is credit? (*Credit is the promise to pay in the future in order to buy or borrow in the present. The right to defer payment to a future time.*)
2. How do counterfeiting, fraud, forgery, and identity theft affect the financial lives of victims of those crimes? (*Counterfeiting, fraud, forgery, and identity theft all represent crimes that can significantly affect an individual's financial standing and can lead to inaccurate credit reports and credit scores.*)
3. What forms of payment are used in the United States? (*Cash, credit cards, debit cards, and smart cards.*) Rank these forms of payment from least sophisticated to most sophisticated. (*Answers will vary slightly but should follow this continuum: cash, credit card, debit card, and smart card.*)

Assessment

Ask students to complete the following:

Write a paragraph in which you describe how you think people should protect themselves from identity theft, fraud, counterfeiting, and forgery.

Extension

If time permits, you may want to show the Federal Reserve System's *The Fed Today* video. This video will provide students with additional background about the purposes and functions of the Federal Reserve System. A copy of the video can be ordered by visiting www.philadelphiafed.org/education/fedtoday.html.

At the Exhibit

Lesson Description

Students work together in groups at the Federal Reserve Bank of Philadelphia's "Money in Motion" exhibit as financial advisers for a mock client. They investigate different stations at the "Money in Motion" exhibit in order to complete a worksheet that serves as their report to the client.

Time Required

60 minutes

Materials

Activity 3, one card per group (cards were distributed and collected during pre-visit)

Activity 4, one per student (partially completed in pre-visit)

Activity 5

"Money in Motion" Navigational Guide, one per student and one per chaperone (available at the exhibit and online at www.philadelphiafed.org/money_in_motion/tour.html)

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"Money in Motion" Curriculum

Federal Reserve Bank of Philadelphia

Procedure

1. Distribute a copy of the “Money in Motion” Navigational Guide to each student.
2. Explain to the students that they will need to use a number of exhibit stations to complete the sections of Activity 4 marked for completion at the exhibit. Explain that for the credit card calculations, they will need to use the debt calculator on the Swipe It (#10) station. Explain that questions 6 and 7 on their worksheet require other sections of the Swipe It station. Tell the students that they can get the answer to question 9 at the Welcome (#1) station and the answer to question 8 can be found at the True and False (#6) station. Tell the students that they should each get a copy of “The New Color of Money” brochure to take back to class.
3. Emphasize to the students that they should try to see all of the exhibit even though most of their work will center on the Swipe It station. Encourage students to take turns and be courteous to each other at the Swipe It station. Encourage students to try the Match Wits with Ben (#16) game once they have seen the entire exhibit.
4. Remind students that they are to follow the rules below while in the exhibit. The Federal Reserve Bank of Philadelphia reserves the right to ask individuals who are not behaving properly to leave.
 - a. Do not run.
 - b. Do not bring food into the exhibit.
 - c. Do not take photographs or movies in the exhibit.
 - d. Use conversational voices.
 - e. Do not shove or push others.
 - f. Be respectful of the exhibit stations (for example, do not slam buttons, do not repeatedly push buttons at the various stations, and do not climb on the exhibit stations).
5. Monitor the work at the Swipe It station to ensure that all groups get an opportunity to use the station and find answers to their questions.
6. Tell the students to complete questions 1, 2, 3, 4, 5, and 10 of Activity 4 in their groups at the exhibit, on the bus, or for homework. Emphasize that they should have Activity 4 completed for your next class.
7. On the bus, collect the client cards from the students.

Post-Visit

Lesson Description

Students share their clients’ scenario and the financial plan they have prepared for their clients. They are introduced to the financial scenarios that many people find themselves in at different times of their lives. They are also introduced to the financial plans or solutions their fellow students have designed to meet these situations.

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Objectives

Students will:

1. Be able to explain that higher interest rates and smaller monthly payments result in larger total amounts paid and more time required in order to pay off a credit card debt.
2. Be able to explain how to prevent credit card fraud.
3. Be able to explain ways to protect themselves from identity theft.
4. List the three functions of the Fed.
5. Differentiate between cash, check, and plastic payment methods.

Time Required

60 minutes

Materials

Visual 1

Activity 6, one per student

Procedure

1. Display Visual 1. Ask the students in what ways the quotation from Eric Tyson means something different to them now. (*Answers will vary but may include: Credit card balances can take a very long time to pay off if you make only small payments each month.*)
2. Give groups two minutes to each talk about their clients' current financial position and explain their recommendations for how their clients can improve their financial position. Emphasize that each group should be certain to fully explain its clients' various credit card repayment options, including information about the total amount that the client(s) will repay and the time it will take given the various interest rate combinations and minimum versus monthly payments.
3. Discuss the following:
 - a. With a given interest rate, what can one do to reduce the amount of time it will take to pay off a credit card debt? (*Pay more per month.*) With a given interest rate, what can one do to reduce the total amount needed to pay off the debt? (*Pay more per month.*)
 - b. Remind students that they completed Activity 4 at the exhibit and that this activity had them focus on credit card debt payment scenarios (Activity 3 client cards). What happens to the length of time it takes to pay off credit card debt in the Activity 3 scenarios if the people mentioned in the cards

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continue to purchase items with their credit cards? *(The time [needed] to pay off the credit card debt will increase because the credit card debt principal has increased.)*

- c. If interest rates decrease and your clients continue to pay the same monthly payment as before, do you expect your clients to pay more or less to pay off their credit card than if the interest rates had stayed constant across the life of the debt? *(Pay less.)*
- d. What are some things that people should avoid doing to prevent credit card fraud? *(Avoid: Leaving credit cards unattended at work, leaving credit cards in their car, lending credit cards to other people, leaving cards or receipts lying around, signing a blank credit card receipt, writing credit card account numbers on postcards or the outside of an envelope, giving out credit card account numbers over the phone to an unknown company or individual.)*
- e. What are some things that people should do to prevent credit card fraud? *(Sign credit cards as soon as they arrive; carry credit cards separate from wallet; keep a record of credit card account numbers, expiration dates, and the phone number and address of each credit card company in a secure place; keep an eye on the credit card during a transaction and get it back as quickly as possible; void incorrect receipts; save receipts to compare with billing statements; open bills promptly and reconcile accounts monthly; report any questionable charges promptly by calling the credit card company; notify card companies in advance of a change of address.)*
- f. What are some things that people should do to protect against identity theft? *(Manage personal information wisely and cautiously; find out, before revealing personal information, how it will be used and whether it will be shared with others; pay attention to billing cycles and follow up with creditors if bills don't arrive on time; guard mail against theft; put passwords on your credit card, bank, and phone account to ensure that only you talk with company representatives about your account; reduce the number of identification and credit cards you carry; do not give out personal information on the phone, through the mail, or over the Internet unless you have initiated the contact; keep items with personal information in a safe place; be cautious about where you leave personal information in your home; find out who has access to your personal information at work and verify that the records are kept in a secure location; give your Social Security number only when absolutely necessary; order a copy of your credit report from each of the three credit reporting agencies every year and make sure that it is accurate and includes only those activities you've authorized.)*

- g. There are different types of payment cards: credit, debit, prepaid, and smart cards. What makes each unique? *(Each type of card has a unique function and payment model. Credit cards can be used now, but the bill is paid at a later date. Debit cards can be used now, but the purchases are paid for at the time of purchase. Prepaid cards can be used now, but because they are pre-loaded, the purchases are already paid for. An example is a prepaid telephone calling card. Smart cards, a payment card embedded with a computer chip that can perform special functions, can be used now, but the purchases are paid for early or later. For example, flexible spending account smart cards are paid for up front and used now, while a smart credit card is used now for online purchases but the purchases are paid for later.)*
4. Collect the students' copies of Activity 4.
5. Distribute one copy of Activity 6 to each student. Have students work individually or in groups to complete the crossword puzzle. Explain to the students that the crossword puzzle reviews the terms that they learned in the bingo game during the pre-visit portion of the lesson. Give students time to complete the puzzle.
6. Distribute the answer sheet for the crossword puzzle (Activity 6).

Closure

Discuss the following:

1. What effect will higher interest rates and/or smaller monthly payments have on the total amount needed to pay off a credit card debt? *(Higher interest rates and smaller monthly payments will increase the total amount of debt to be paid.)* What effect will higher interest rates and/or smaller monthly payments have on the time it takes to pay off a credit card debt? *(Higher interest rates and smaller monthly payments will increase the time it takes to pay off the debt.)*
2. How can a consumer prevent credit card fraud? *(Sign credit cards as soon as they arrive; carry credit cards separate from wallet; keep a record of credit card account numbers, expiration dates, and the phone number and address of each credit card company in a secure place; keep an eye on your credit card during a transaction and get it back as quickly as possible; void incorrect receipts; save receipts to compare with billing statements; open bills promptly and reconcile accounts monthly; report any questionable charges promptly by calling the credit card company; notify card companies in advance of a change of address.)*
3. How can consumers protect themselves against identity theft? *(Manage personal information wisely and cautiously; find out, before revealing personal information, how it will be used and whether it will be shared with others; pay attention to billing cycles and follow up with creditors if bills don't arrive on*

time; guard mail against theft; put passwords on your credit card, bank, and phone account to ensure that only you can talk with company representatives about your account; reduce the number of identification and credit cards you carry; do not give out personal information on the phone, through the mail, or over the Internet unless you have initiated the contact; keep items with personal information in a safe place; be cautious about where you leave personal information in your home; find out who has access to your personal information at work and verify that the records are kept in a secure location; give your Social Security number only when absolutely necessary; order a copy of your credit report from each of the three credit reporting agencies every year and make sure that it is accurate and includes only those activities you've authorized.)

4. What is the difference between a credit card, debit card, a prepaid card, and a smart card? *(Each type of card has a unique function and payment model. Credit cards can be used now, but the bill is paid at a later date. Debit cards can be used now, but the purchases are paid for at the time of purchase. Prepaid cards can be used now, but because they are pre-loaded, the purchases are already paid for. An example is a prepaid telephone calling card. Smart cards, a payment card embedded with a computer chip that can perform special functions, can be used now, but the purchases are paid for early or later. For example, flexible spending account smart cards are paid for up front and used now, while a smart credit card is used now for online purchases but the purchases are paid for later.)*

Assessment

Ask students to complete the following:

Write a letter to your 80-year-old aunt in western Pennsylvania describing what things you think she should do to protect herself from counterfeiting, fraud, forgery, and identity theft.

Explain to her how the size of monthly credit card payments and the interest rate affect the amount of time it takes and the total amount a person will have to pay in order to pay off a credit card debt.

Visual 1
Discussion Prompt

“Accumulating BAD DEBTS
(debt incurred strictly for consumption)
is like living on a diet
of sugar and caffeine:
a quick fix with no long-term nutritional value.”

- Eric Tyson

author of *Personal Finance for Dummies*

Visual 2
Answers to Pre-Assessment

Part 1—Multiple Choice Questions

1. d
2. a
3. d
4. d
5. b

Part 2—True/False Questions

1. F
2. T
3. F
4. T
5. T

Visual 3
Word Bank

Forgery

Income

Note

Smart Card

Bankruptcy

Check Clearing

Credit Card

Debit Card

Electronic Banking

Fraud

Identity Theft

Want

Reconcile

Watermark

Bond

Electronic Transfer

Credit Report

A.P.R.

Predatory Lending

Counterfeit

Check

Currency

Expenses

Introductory Rate

FREE SPACE

Activity 1

Pre-Assessment

Part 1—Multiple Choice Questions

For each multiple choice question in this section, write your answer in the blank provided to the left of the question.

- _____ 1. When dealing with credit cards it is important to know your card's _____.
- Annual percentage rate
 - Credit limit
 - Payment due date
 - All of the above
- _____ 2. Unauthorized credit card use costs cardholders, merchants, and card issuers _____ each year.
- hundreds of millions of dollars
 - hundreds of thousands of dollars
 - hundreds of billions of dollars
 - nothing
- _____ 3. A loan that allows a longer payment schedule also has:
- a higher monthly payment and a higher amount of interest paid.
 - a higher monthly payment and a lower amount of interest paid.
 - a lower monthly payment and a lower amount of interest paid.
 - a lower monthly payment and a higher amount of interest paid.
- _____ 4. Consumers can avoid paying penalty fees on their credit cards by:
- allowing ample time for their payments to arrive at the credit card company.
 - monitoring their card balance.
 - using their credit card only for big purchases.
 - both a and b.
- _____ 5. Which of the following is *not* a step to protect yourself from identity theft?
- Destroy documents that contain personal information by shredding them prior to discarding.
 - Share your Social Security number with a number of relatives so that the information cannot be lost.
 - Order and check copies of your credit report from each of the three credit reporting agencies every year.
 - Do not provide personal information on the phone, through the mail, or over the Internet unless you have initiated the contact or know the party requesting the information.

Activity 1 (continued)

Pre-Assessment

Part 2—True/False Questions

For each true/false question in this section, write in the blank provided to the left of the statement “T” if the statement is true or “F” if the statement is false.

- _____ 1. You should never sign the back of your credit cards because if your card is stolen, the thief will have both your card and your signature.
- _____ 2. You should carry your cards separately from your wallet, in a zippered compartment, a business card holder, or another small pouch.
- _____ 3. Lending your credit card to a friend or family member is okay because you know who they are and where they live.
- _____ 4. Giving your credit card number over the phone to a “business representative” from a company that you do not know is unsafe and should not be done.
- _____ 5. You should never leave your mail lying around inside or outside your house because someone might steal it and get information that will help them steal your identity.

Activity 2 Bingo Card

Activity 2 (continued)

Bingo Word Slips

<p>Definition: The cost of credit that consumers pay, expressed as a simple annual percentage</p> <p>Term: A.P.R. (annual percentage rate)</p>	<p>Definition: Made in imitation of something else with intent to deceive</p> <p>Term: Counterfeit</p>
<p>Definition: The crime of falsely and fraudulently making or altering a document (such as a check)</p> <p>Term: Forgery</p>	<p>Definition: A piece of paper currency</p> <p>Term: Note</p>
<p>Definition: Moving financial funds from one account to another by electronic means</p> <p>Term: Electronic Transfer</p>	<p>Definition: The state of insolvency of an individual or an organization; a legal proceeding declaring that an individual is unable to pay debts</p> <p>Term: Bankruptcy</p>
<p>Definition: Any interest-bearing or discounted government or corporate security that obligates the issuer to pay the holder a specified sum of money</p> <p>Term: Bond</p>	<p>Definition: A loan and bill payment history kept by an agency and used by financial institutions and other potential creditors to determine the likelihood that a future debt will be repaid</p> <p>Term: Credit Report</p>

Activity 2 (continued)
 Bingo Word Slips (continued)

<p>Definition: Paper money</p> <p>Term: Currency</p>	<p>Definition: The amount of money received in return for services and or labor for a period of time</p> <p>Term: Income</p>
<p>Definition: A payment card embedded with a computer chip that can perform special functions</p> <p>Term: Smart Card</p>	<p>Definition: A payment card from a financial services company or bank that allows cardholders to buy goods and services on credit</p> <p>Term: Credit Card</p>
<p>Definition: Banking and financial services provided by electronic means (e.g., phone lines, computer lines, etc.)</p> <p>Term: Electronic Banking</p>	<p>Definition: Someone using the personal and financial information of another person in order to commit financial fraud</p> <p>Term: Identity Theft</p>
<p>Definition: To balance and check the accuracy of a financial account</p> <p>Term: Reconcile</p>	<p>Definition: Initial interest rate offered on a credit account for a period of time</p> <p>Term: Introductory Rate</p>

Activity 2 (continued)
 Bingo Word Slips (continued)

<p>Definition: The collection of funds on which a check is drawn, and the payment of those funds to the holder of the check</p> <p>Term: Check Clearing</p>	<p>Definition: A payment card similar to a credit card that allows money to be withdrawn or the costs of purchases paid directly from the holder’s bank account</p> <p>Term: Debit Card</p>
<p>Definition: A deception deliberately practiced in order to reap an unfair or unlawful gain</p> <p>Term: Fraud</p>	<p>Definition: A marking in paper (such as paper currency) resulting from differences in thickness and visible when the paper is held up to the light</p> <p>Term: Watermark</p>
<p>Definition: To desire</p> <p>Term: Want</p>	<p>Definition: Financial outlays</p> <p>Term: Expenses</p>
<p>Definition: Targeting high-cost loans to elderly, low-income, and other people to take advantage of their financial status or lack of financial knowledge</p> <p>Term: Predatory Lending</p>	<p>Definition: A bill of exchange on a bank drawn against deposited funds to pay a specified sum of money to a specified person on demand</p> <p>Term: Check</p>

Activity 3

Client Cards

<p>Card 1 Your clients are a married couple. Both are in their mid-30s and both work full time. They have two children in high school.</p> <p>Annual household income = \$33,400 Monthly household expenses = \$1,950 Credit card debt = \$5,000</p> <p>Interest Rate #1=10% Monthly payment #1=\$100 Interest Rate #2=20% Monthly payment #2=\$100</p>	<p>Card 2 Your client is a single male in his late teens. He works full time and will be starting college part time next fall.</p> <p>Annual household income = \$17,680 Monthly household expenses = \$1,180 Credit card debt = \$2,500</p> <p>Interest Rate #1=15% Monthly payment #1=\$50 Interest Rate #2=20% Monthly payment #2=\$100</p>
<p>Card 3 Your client is a single female in her early 20s. She is a full-time college student, and she is currently not working.</p> <p>Annual household income = \$1,800 stipend Monthly household expenses = \$100 Credit card debt = \$3,000</p> <p>Interest Rate #1=21% Monthly payment #1=\$150 Interest Rate #2=17% Monthly payment #2=\$150</p>	<p>Card 4 Your clients are a married couple. They are both in their mid-30s. The husband works, but the wife does not. They have one child in elementary school.</p> <p>Annual household income = \$29,820 Monthly household expenses = \$2,160 Credit card debt = \$1,800</p> <p>Interest Rate #1=25% Monthly payment #1=\$75 Interest Rate #2=27% Monthly payment #2=\$150</p>

Activity 3 (continued)

Client Cards (continued)

<p>Card 5 Your clients are a married couple. They are both in their mid-30s and they both work full time. They have two children in elementary school.</p> <p>Annual household income = \$60,000 Monthly household expenses = \$3,900 Credit card debt = \$4,000</p> <p>Interest Rate #1=25% Monthly payment #1=\$150 Interest Rate #2=25% Monthly payment #2=\$200</p>	<p>Card 6 Your clients are a married couple in their late 20s. They own and work in a small business. They have three young children: one in nursery school and two in elementary school.</p> <p>Annual household income = \$22,050 Monthly household expenses = \$1,360 Credit card debt = \$6,000</p> <p>Interest Rate #1=5% Monthly payment #1=\$150 Interest Rate #2=10% Monthly payment #2=\$150</p>
<p>Card 7 Your clients are a married couple. They are in their 60s, and they own and operate a small business. All of their children are grown and out on their own.</p> <p>Annual household income = \$65,000 Monthly household expenses = \$3,900 Credit card debt = \$4,500</p> <p>Interest Rate #1=12% Monthly payment #1=\$175 Interest Rate #2=20% Monthly payment #2=\$175</p>	<p>Card 8 Your clients are a married couple. They are both in their 60s, and both of them are working full time. They have no children.</p> <p>Annual household income = \$75,000 Monthly household expenses = \$4,900 Credit card debt = \$2,000</p> <p>Interest Rate #1=20% Monthly payment #1=\$150 Interest Rate #2=16% Monthly payment #2=\$150</p>

Activity 3 (continued)

Client Cards (continued)

<p>Card 9 Your clients are a married couple. Both them in are in their mid-30s, and they have no children. They both work outside the home.</p> <p>Annual household income = \$54,000 Monthly household expenses = \$3,100 Credit card debt = \$3,100</p> <p>Interest Rate #1=22% Monthly payment #1=\$90 Interest Rate #2=25% Monthly payment #2=\$110</p>	<p>Card 10 Your client is a single female in her mid-20s. She has no children, works full time, and lives with her parents.</p> <p>Annual household income = \$28,500 Monthly household expenses = \$650 Credit card debt = \$3,300</p> <p>Interest Rate #1=24% Monthly payment #1=\$125 Interest Rate #2=24% Monthly payment #2=\$150</p>
<p>Card 11 Your clients are a married couple. They are both in their late 40s, and they both work outside the home. They have two children in college.</p> <p>Annual household income = \$65,000 Monthly household expenses = \$6,938 Credit card debt = \$6,000</p> <p>Interest Rate #1=19% Monthly payment #1=\$125 Interest Rate #2=24% Monthly payment #2=\$200</p>	<p>Card 12 Your client is a single male in his early 20s. He has no children, is a part-time college student, and works part time as a waiter.</p> <p>Annual household income = \$19,240 Monthly household expenses = \$1,372 Credit card debt = \$3,500</p> <p>Interest Rate #1=24% Monthly payment #1=\$200 Interest Rate #2=19% Monthly payment #2=\$150</p>

Activity 3 (continued)

Client Cards (continued)

<p>Card 13 Your clients are a married couple in their early 20s. The husband has a full-time job, but the wife currently does not work outside the home. They have 3 children under the age of six.</p> <p>Annual household income = \$26,000 Monthly household expenses = \$1,654 Credit card debt = \$2,100</p> <p>Interest Rate #1=4% Monthly payment #1=\$75 Interest Rate #2=24% Monthly payment #2=\$75</p>	<p>Card 14 Your clients are a married couple in their mid-40s. They both work full time outside the home. They have two children in high school.</p> <p>Annual household income = \$84,500 Monthly household expenses = \$4,969 Credit card debt = \$8,500</p> <p>Interest Rate #1=21% Monthly payment #1=\$175 Interest Rate #2=11% Monthly payment #2=\$175</p>
<p>Card 15 Your client is a single female in her late teens. She has no children. She is a part-time college student and works part time at a bookstore.</p> <p>Annual household income = \$16,640 Monthly household expenses = \$930 Credit card debt = \$1,200</p> <p>Interest Rate #1=15% Monthly payment #1=\$150 Interest Rate #2=18% Monthly payment #2=\$75</p>	<p>Card 16 Your clients are a married couple in their early 50s. They have no children. They both have full-time jobs outside the home.</p> <p>Annual household income = \$101,000 Monthly household expenses = \$3,340 Credit card debt = \$25,000</p> <p>Interest Rate #1=22% Monthly payment #1=\$500 Interest Rate #2=28% Monthly payment #2=\$750</p>

Activity 4

Financial Plan Worksheet

Create a financial plan for the client described on your client card. Identify your client's situation and prescribe ways for your client to improve their financial situation after doing some research on credit cards, credit use, electronic banking, and identity theft at the Federal Reserve Bank of Philadelphia's "Money in Motion" exhibit.

Complete the following worksheet using the information found on your client card. Refer to the example in Activity 5 for guidance on the preparation of this section. Sections (A), (B), (C), and (D) require you to make calculations using scrap paper or a calculator.

Client Information

Client's approximate age: _____

Client's marital status: _____

Client's employment status: _____

Does the client have children? _____ If so, how many? _____

(A) Annual household income = \$ _____

(B) Annual household expenses* = Monthly household expenses (\$ _____) x 12 = \$ _____
(* Does not include payments made toward credit card balances.)

Credit card debt = \$ _____

(C) Money left *each year* to pay off credit card debt or invest =

(A)\$ _____ - (B)\$ _____ = (C)\$ _____

(D) Money left each month that could be used to make credit card payments =

(C)\$ _____ ÷ 12 months = \$ _____

COMPLETE BEFORE GOING TO EXHIBIT

Activity 4 (continued)

Financial Plan Worksheet

Credit Card Calculations

Using the information found at the bottom of your client card and the debt calculator found in the Swipe It (#10) station at the “Money in Motion” exhibit, complete the following table:

Calculation 1:

Credit Card Debt = \$ _____

Interest Rate #1 = _____ %

ONLY THE MINIMUM PAYMENT EACH MONTH

Total payments if you pay only minimum* = \$ _____

Time to pay off = _____ years _____ months

USE MONTHLY PAYMENT #1 FROM CARD

Monthly payment #1 from Card = \$ _____

Total payments** = \$ _____

Time to pay off = _____ years _____ months

Calculation 2:

Credit Card Debt = \$ _____

Interest Rate #2 = _____ %

ONLY THE MINIMUM PAYMENT EACH MONTH

Total payments if you pay only minimum* = \$ _____

Time to pay off = _____ years _____ months

USE MONTHLY PAYMENT #2 FROM CARD

Monthly payment #2 from Card = \$ _____

Total payments** = \$ _____

Time to pay off = _____ years _____ months

* To calculate this minimum payment, enter the total credit card debt and the interest rate, but leave the monthly payment section blank. Then press continue.

** To calculate this amount, enter the total credit card debt, the interest rate, and the monthly payment into the debt calculator. Then press continue.

COMPLETE AT THE EXHIBIT

Lesson: Let's Get Financially Focused!

Grades 9-12

“Money in Motion” Curriculum
Federal Reserve Bank of Philadelphia

Activity 4 (continued)

Financial Plan Worksheet

Questions:

1. If the monthly payments on your client card were greater than the amount you calculated in (D) on the first page, what advice would you have for your client?
2. Where do you suggest your client keep his or her income? A bank? The stock market? At home? Defend your choice.
3. Based on the information on your client card, are there important milestones (e.g., education for themselves, education for their children, retirement) that your clients will soon be facing? Do you have any advice for your clients about how they can prepare for those milestones?
4. Describe your client's current credit situation. Do you believe that your client has too much credit card debt? Given current income and expenditure levels, can your clients continue to make adequate payments toward his or her debt? If interest rates rise, do you expect that your client will still be able to make his or her credit card payments given his or her current levels of income and expenditure?
5. Given the various credit card scenarios (minimum payment, monthly payment #1, monthly payment #2), how long will it take your clients to pay off their credit card debt? How can your clients shorten the length of time it will take to pay off their credit card debt? If interest rates increase, will it take more time or less time for your clients to pay off credit card debt?

Activity 4 (continued)

Financial Plan Worksheet

10. In a paragraph, provide overall financial advice for your client. Should your client make any changes to his or her income, expenditures, level of credit card debt, and size of monthly credit card payments? Be sure to provide support for any changes you recommend to your client's budget and credit card repayment plan.

Activity 5

Sample Financial Plan Worksheet

Sample Card

Your clients are a married couple in their mid-20s. Both the husband and the wife work full time outside the home. They have no children.

Annual household income = \$63,400
Monthly household expenses = \$3,965
Credit card debt = \$16,000

Interest Rate #1=21%
Monthly payment #1=\$500
Interest Rate #2=8.90%
Monthly payment #2=\$500

Activity 5 (continued)

Sample Financial Plan Worksheet

Create a financial plan for the client described on your client card. Identify your client's situation and prescribe ways for your client to improve his or her financial situation after you have done some research on credit cards, credit use, electronic banking, and identity theft at the Federal Reserve Bank of Philadelphia's "Money in Motion" exhibit.

Complete the following worksheet using the information found on your client card. Refer to the example in Activity 5 for guidance on the preparation of this section. Sections (A), (B), (C), and (D) require you to make calculations using scrap paper or a calculator.

Client Information

Client's approximate age: mid-20s

Client's marital status: married

Client's employment status: both husband and wife are working

Does the client have children? no If so, how many? 0

(A) Annual household income = \$63,400

(B) Annual Household Expenses* = Monthly household expenses (\$3,965) x 12 = \$47,580
(* Does not include payments made toward credit card balances.)

Credit card debt = \$16,000

(C) Money left *each year* to pay off credit card debt or invest =

$$(A) \$ 63,400 - (B) \$ 47,580 = (C) \$ 15,820$$

(D) Money left each month that could be used to make credit card payments =

$$(C) \$ 15,820 \div 12 \text{ months} = \$ 1,318.33$$

COMPLETE BEFORE GOING TO EXHIBIT

Activity 5 (continued)

Sample Financial Plan Worksheet

Credit Card Calculations

Using the information found at the bottom of your client card and the debt calculator found in the Swipe It (#10) station at the “Money in Motion” exhibit, complete the following table:

Calculation 1:

Credit Card Debt = \$16,000

Interest Rate #1 = 21 %

ONLY THE MINIMUM PAYMENT EACH MONTH

Total payments if you pay only minimum* = \$138,333.50

Time to pay off = 124 years 5 months

USE MONTHLY PAYMENT #1 FROM CARD

Monthly payment #1 from Card = \$ 500

Total payments** = \$ 23,864.80

Time to pay off = 4 years 0 months

Calculation 2:

Credit Card Debt = \$16,000

Interest Rate #2 = 8.90 %

ONLY THE MINIMUM PAYMENT EACH MONTH

Total payments if you pay only minimum* = \$25,155.62

Time to pay off = 25 years 5 months

USE MONTHLY PAYMENT #2 FROM CARD

Monthly payment #2 from Card = \$ 500

Total payments** = \$18,328.80

Time to pay off = 3 years 1 months

* To calculate this minimum payment, enter the total credit card debt and the interest rate, but leave the monthly payment section blank. Then press continue.

** To calculate this amount, enter the total credit card debt, the interest rate, and the monthly payment into the debt calculator. Then press continue.

COMPLETE AT THE EXHIBIT

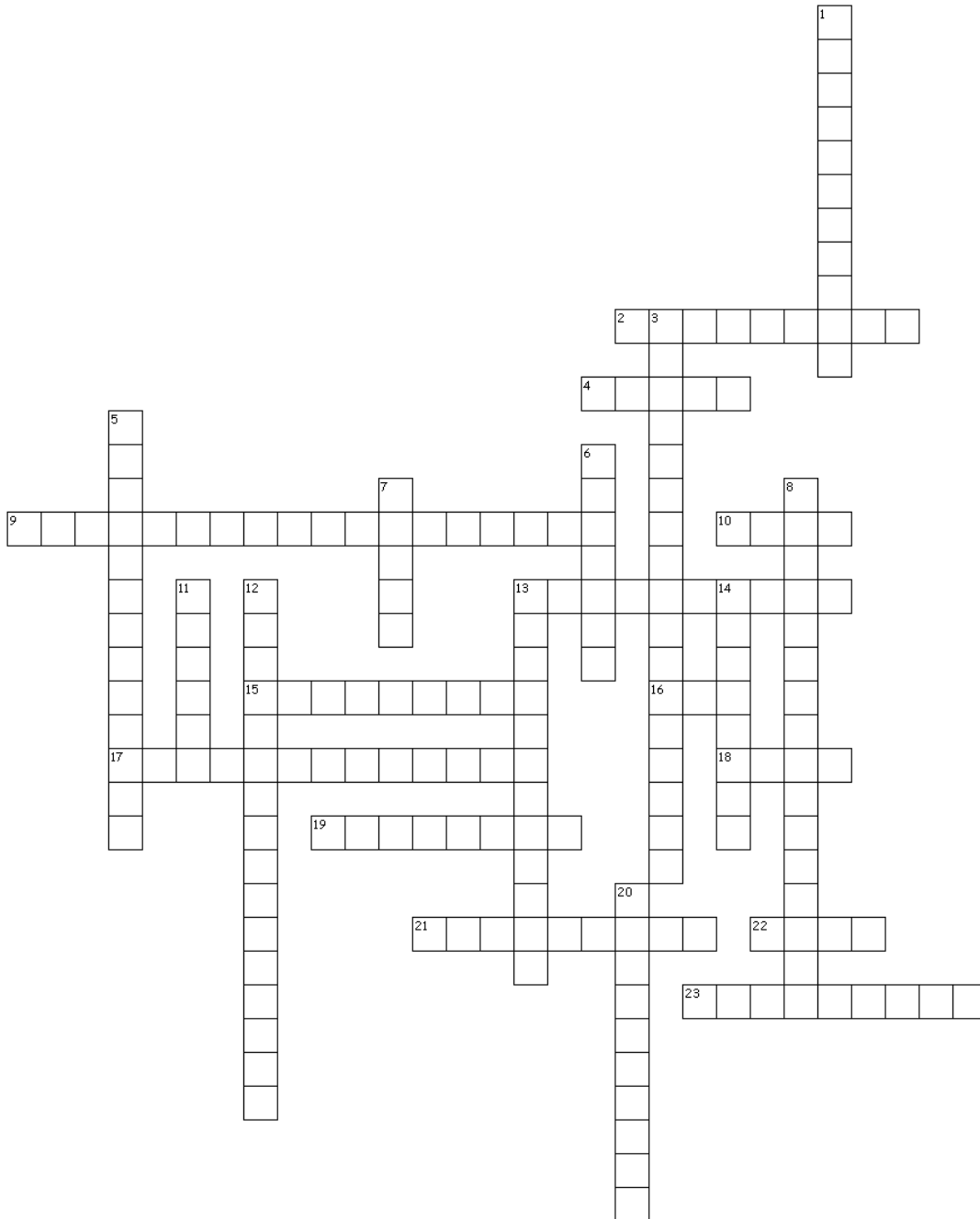
Lesson: Let's Get Financially Focused!

Grades 9-12

“Money in Motion” Curriculum
Federal Reserve Bank of Philadelphia

Activity 6

Crossword Puzzle



Activity 6 (continued)

Crossword Puzzle Clues

Across

- To balance and check the accuracy of a financial account
- A bill of exchange on a bank drawn against deposited funds to pay a specified sum of money to a specified person on demand
- Moving financial funds from one account to another by electronic means
- Any interest-bearing or discounted government or corporate security that obligates the issuer to pay the holder a specified sum of money
- A card from a financial services company or bank that allows cardholders to buy goods and services on credit
- A card similar to a credit card that allows money to be withdrawn or the costs of purchases paid directly from the holder's bank account
- The cost of credit that consumers pay, expressed as a simple annual percentage
- Someone using the personal and financial information of another person in order to commit financial fraud
- A piece of paper currency
- Financial outlays
- A payment card embedded with a computer chip that can perform special functions
- To desire
- A marking in paper (such as currency) resulting from differences in thickness and visible when the paper is held up to the light

Down

- Made in imitation of something else with intent to deceive
- Banking and financial services provided via electronic systems (e.g., phone lines, computer lines, etc.)
- The collection of funds on which a check is drawn, and the payment of those funds to the holder of the check
- The crime of falsely and fraudulently making or altering a document (as a check)
- A deception deliberately practiced in order to reap an unfair or unlawful gain
- Initial interest rate offered on a credit account for a period of time
- The amount of money received in return for services and/or labor for a period of time
- Targeting loans to elderly, low-income, and other people to take advantage of their financial status or lack of financial knowledge
- A loan and bill payment history kept by a credit bureau and used by financial institutions and other potential creditors to determine the likelihood that a future debt will be repaid
- Paper money
- The state of insolvency of an individual or an organization; a legal proceeding declaring that an individual is unable to pay debts

Activity 6 (continued)

Crossword Puzzle Answers

