

# PowerPlay Money Managers™

British Columbia Edition

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by Vancity

*Recommended  
Resource for  
Planning 10*

Teachers Manual



# PowerPlay Money Managers™

Teacher's Manual

Introduction



# PowerPlay Money Managers™ – British Columbia Edition

ISBN 978-0-9780028-2-4

Second Edition 2011

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Published in Canada by  
PowerPlay Strategies Incorporated  
PO Box 45034, Ocean Park RPO  
Surrey, British Columbia  
V4A 9L1

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## A Vancity Initiative

Vancity is widely recognized for their leadership in the area of corporate social responsibility. They are guided by a commitment to:

- Adopt business practices that are socially and environmentally responsible.
- Invest in the well-being of the communities they serve through grants, scholarships, awards, fund-raising, and community service.
- Advocate for social and environmental responsibility with the aim of making a positive difference to the individuals and communities around them.

As remarkably diverse as Vancity has grown to be through the years, they remain committed to their members, to their staff, and to the communities that have made them prosper. They strive to deliver real-life solutions to help their members and communities achieve their financial goals.

Vancity recognizes that as a community leader, and with a strong commitment to youth, they share the responsibility of helping young people prepare for the future. In support of the B.C. Ministry of Education's Planning 10 course, Vancity is sponsoring this innovative high school initiative related to financial education. The Ministry has approved PowerPlay Money Managers™ as a Recommended Resource for Planning 10.

PowerPlay Money Managers™ was created by PowerPlay Strategies Inc. The B.C. company specializes in helping young people prepare for our changing world. They use fun, creative exercises to engage students in learning. Their innovative resources help young people gain real-life experience, build confidence and develop practical life skills. The resource package consists of dynamic lesson plans designed to engage students in exploring relevant financial issues, setting goals and developing their own personal financial plans. With direct links to curriculum, easy-to-use materials and opportunities for meaningful parental involvement, this resource supports B.C. educators in achieving the financial component of Planning 10.

## PowerPlay Money Managers™

PowerPlay Money Managers™ features five individual lesson plans designed to help grade 10 students explore financial topics that are relevant to their stage in life (e.g., obtaining a car loan, understanding credit and planning for education). Experiential learning techniques are used to spark the interest of students and to motivate them to take action. Participating in interactive activities, students learn about real-life issues and discover practical tools and skills that will prepare them to be more successful as young adults.

A dynamic learning environment helps students develop skills and build self-esteem while exploring the world of personal finance. Students become “decision makers” and are challenged to take responsibility for their own financial futures by applying course material to their own personal situations. They must set goals, make choices and discover the impact of their decisions. They become more aware of financial issues (e.g., managing income and savings, investing, credit and debt, budgeting, etc.), learn about related products and services, and compare options. They also develop a financial plan for their first year after high school.

At various stages throughout the program, students are required to lead family discussions as part of their assigned homework activities. Parents report that empowering children in this fashion is one of the greatest benefits of the program.

### **The Lesson Plans**

This resource package helps prepare students for developing their own financial plans and for making their own financial decisions. Each lesson plan is designed to build on the topics of the previous class. For example, students are introduced to general budget categories in a “needs and wants” activity in Lesson Plan 1, and then learn to identify hidden costs and potential risks with subsequent lessons. This helps them build a strong foundation for creating their own financial plans in Lesson Plan 5.

The program is comprised of the following lesson plans:

- 1. Managing Your Money** – This interactive lesson plan helps students become more aware of living expenses and differentiate between their needs and wants. Students are also introduced to the concept of investing in the future by “paying yourself first” and the value of taking action while they are young.
- 2. My First Car** – A dynamic activity is used to engage students in evaluating the cars that they would like to be driving at age 18. They then explore different types of expenses associated with owning a vehicle, discover how car loans work and learn to set realistic transportation goals for after high school.
- 3. Making Money Grow** – Students evaluate different savings and investment options and have fun playing an action-packed coin toss game. This experiential learning activity helps students make their own conclusions about investment risk, the value of investing from an early age and the importance of getting advice from a qualified financial advisor.
- 4. The Credit Game** – This lesson plan is designed to help students realize that the choices they make today can have serious implications for their futures. Students explore how credit cards work and are introduced to simple steps for building a good credit rating and some of the consequences of poor financial decisions.

- 5. Planning: Putting it all Together** – Students apply the material from the first four lesson plans in this comprehensive planning activity. Over a period of several classes students complete group research, present their findings and then develop their own individual budgets and financial plans for life after high school. Students also play the Risk Game and evaluate the risk associated with real-life scenarios.

### **Complementary Curriculum & Instructional Methods**

Vancity's program and the British Columbia Ministry of Education share similar philosophies, methodologies and desired learning outcomes. Both place a high emphasis on experiential learning, critical and creative thinking, collaborative and self-directed learning and meaningful parental involvement. Both also recognize the need for flexibility in delivery to accommodate different interests, skill levels, abilities and learning styles.

Each lesson plan includes:

- an overview of the classroom session;
- key learning objectives;
- a list of preparatory steps;
- a list of required materials;
- related homework assignments;
- suggested dialogue and tips;
- activity sheets; and
- overhead masters.

A dedicated program website, [www.schoolroom.ca](http://www.schoolroom.ca), is available to support student learning. For example, web activities are used to help reinforce program topics. Students use on-line calculators for evaluating financial products and understanding key financial principles. The site also contains the program worksheets, a glossary, frequently asked questions and information about Vancity scholarships.

Vancity is committed to providing a valued resource for educators. Each lesson plan:

- is based on “experiential learning” concepts;
- satisfies curriculum-based learning outcomes; and
- encourages and allows for meaningful parental involvement.

Registered teachers also receive program updates, information about Vancity scholarships, details about professional development opportunities and other benefits.

### **Learning Outcomes**

Key Learning Outcomes for this program are to:

- develop rationale for making wise spending decisions (e.g., differentiating between needs and wants, prioritizing goals and developing strategies for saving);

- understand how relevant financial products and services work;
- utilize budgeting processes to anticipate and plan for income and expenses;
- build effective life-long skills and attitudes toward successful financial management;
- develop good organizational, planning and goal-setting skills related to finances; and
- gain insight and practical experience with developing a plan for the transition from secondary school.

### **Teaching Aids & Notes**

Different teachers have different teaching styles. They also have different comfort, experience and interest levels with financial planning. PowerPlay Money Managers™ has been designed to address all these issues. For example, two options are available for teachers when preparing the lesson plans. Teaching Notes provide detailed information including suggested dialogue and tips; Summary Sheets offer a more condensed format. The Summary Sheets also serve as a quick reference during class time.

Some lesson plans also include additional Teaching Aids to support teachers when preparing for different activities, games or discussions. The symbol T/A is used for referencing these tools. They provide detailed steps to follow, offer helpful suggestions and include background information.

To provide flexibility for teachers, class activities and exercises involving interest rates have two versions - one with a higher and one with a lower interest rate. Overheads and tables are provided for both versions.

### **Duration / Time Requirements**

The first four lesson plans can be completed in individual classes and require only a minimal amount of teacher preparation. Lesson Plan 5, however, needs to be spread over several classes (usually five to six) to allow for group planning sessions and presentations. The program also offers flexibility in that the lesson plans can be used independently or consecutively for added impact. It is recommended, however, that the first four lesson plans be completed before the fifth one is offered. They serve as a foundation for the planning activity.

The entire package usually requires 10 – 12 hours of class time. Teachers may choose to use additional classes to build on the program topics. For example, some teachers prefer to use the homework assignments as activities for computer lab classes.

The lesson plans also offer flexibility with regards to time requirements. Suggested time allotments for activities are provided in the Teaching Notes and Summary Sheets. In each case, two times are provided. The first corresponds to a one-hour class; the second is for a 40 minute class. (Some teachers, however, report that the material is also suitable for 75 minute blocks.)

### Parental Information and Expectations

In addition to building children's practical skills and positive beliefs, this program promotes children and parents working together. The students are expected to complete homework assignments. This includes leading family discussions and sharing their financial and education plans with their parents. For convenience, an introductory parent letter is provided (see Activity Sheets in Lesson Plan 1).

### Feedback

Your feedback will add even more value to this resource over time. Please visit [www.schoolroom.ca](http://www.schoolroom.ca) and give your comments and feedback on the program – whether you think it is great or you have thoughts on how it can be improved.

### Acknowledgments

Vancity and PowerPlay Strategies Inc. would like to express their appreciation to the following group of educators for their participation in the testing and pilot stages of this project:

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Marianne Macario	<b>Handsworth Secondary</b>	North Vancouver
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Mark Pattern	<b>North Surrey Secondary</b>	Surrey
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## Lesson Plan 1 : Managing Your Money



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# Lesson Plan 1: Managing Your Money

## Overview

Most teenagers use their spending money primarily for 'fun' purchases such as clothes, music and pizza. They get used to having disposable income and are often shocked when they start taking on more financial responsibility. This lesson plan features an interactive activity to help students become more aware of real-life living expenses and differentiate between needs and wants. They will also consider how personal preferences can impact their spending decisions.

The lesson plan is also designed to help students realize that average Canadian families often run out of money before all their bills are paid and therefore do not have the extra to cover their wants. Students will discuss the value of being proactive and consider the concept of "paying yourself first." This means that once you receive income, you pay yourself a set percentage of that money (for investing) before you start spending. This simple formula is recommended by financial advisors and can help young people build a solid financial future.

A brief introduction to investing is also included in this lesson plan. Students learn that money loses value over time because of inflation and discover the power of compound interest. A simple discussion helps students recognize the importance of starting young and allowing a long time for money to grow. More information is provided on these topics in the teaching aids for this lesson plan.

## Key Objectives:

At the end of the class, students will be able to:

- Distinguish between needs and wants and give personal examples of each.
- Explain the concept of paying yourself first and identify simple success tips for investing.

## Teacher Preparation:

1. Review the lesson plan outline and be comfortable with presentation and procedure. Do not attempt to memorize the material. Select your own words and speak from the heart.
2. Assemble materials for Lesson Plan 1. (If necessary, photocopy materials and prepare overheads using the black-lined masters.)

## Materials:

Item	Quantity
Overheads: <ul style="list-style-type: none"> <li>• 1.1 Review Questions</li> <li>• 1.2 a Compound Interest (10%)</li> <li>• 1.2 b Compound Interest (8%)</li> <li>• 1.3 a Twin Investing (10%)</li> <li>• 1.3 b Twin Investing (8%)</li> <li>• 1.4 a Son and Dad Investing (11%)</li> <li>• 1.4 b Son and Dad Investing (8%)</li> </ul>	1 1 1 1 1 1 1
Activity Sheets: <ul style="list-style-type: none"> <li>• 1.1 Master Expense List – \$30,000 Exercise</li> <li>• 1.2 \$500 Vancity Bills</li> <li>• 1.3 My Dream Car</li> </ul>	1 (for teacher reference) 20 pages (1 set of 60 x \$500 bills) 1 per student + 2 extra
Other: <ul style="list-style-type: none"> <li>• Parent Letter (See Activity Sheets)</li> </ul>	1 per student + 2 extra

Note 1 - Teacher can select from either of two versions of the Compound Interest, Twin Investing and Son and Dad Investing exercises. One version has a lower and the other a higher interest rate.

## Overview of Homework Assignment:

Students will be assigned the following tasks:

1. Bring home, and give to their parents, the parent letter regarding the program.
2. Optional - Students will define and research their dream vehicles using Activity Sheet 1.3: My Dream Car. They will use this information for an interactive activity in Lesson Plan 2.

Note: Some teachers prefer to lead this activity in a computer lab class when running Lesson Plan 2. For convenience, a version of this activity sheet has been included with that lesson plan for teachers who choose that option.

## Summary Sheet:

<p><b>Overview:</b></p> <ul style="list-style-type: none"> <li>This interactive lesson plan helps students become more aware of living expenses and differentiate between needs and wants. Students are also introduced to the concept of investing in the future by paying yourself first and the value of taking action while you are young.</li> </ul>		<p><b>Materials List:</b></p> <ul style="list-style-type: none"> <li>Overheads: 1.1 to 1.4</li> <li>Activity Sheets: 1.1 to 1.3</li> <li>Parent Letter (see Activity Sheets)</li> </ul> <p>Note - Select Version a or b for Overheads 1.2 to 1.4.</p>	
<p><b>Learning Objectives</b></p>		<p><b>Activities</b></p>	<p><b>Dialogue &amp; Tips</b></p>
<p>Teaching Notes:</p>	<p>At the end of the class, students will be able to:</p> <ol style="list-style-type: none"> <li>Distinguish between needs and wants and list examples of each.</li> <li>Explain the concept of paying yourself first and identify simple success tips for investing.</li> </ol>	<p><b>Money Discussion</b> (7 min/5 min)</p> <ol style="list-style-type: none"> <li>Discuss where teens get money, and what they do with it. Record responses on board (strategically placing needs &amp; wants in different columns for later).</li> <li>Encourage students to share ideas.</li> </ol> <p><b>Where Our Money Goes!</b> (38 min/25min)</p> <ol style="list-style-type: none"> <li>Introduce and conduct the \$30,000 Exercise using T/A 1.1, p.10.</li> <li>Discuss 'needs versus wants' and refer to list on board.</li> <li>Use small groups to discuss Review Questions and report back to class.</li> <li>Introduce 'paying yourself first' &amp; link to the need to invest in the future.</li> </ol> <p><b>Investing</b> (10 min/10 min)</p> <ol style="list-style-type: none"> <li>Introduce concept of investing.</li> <li>Inflation/Interest Ex. (T/A 1.2, p.13).</li> <li>Compound Interest Ex. (T/A 1.3, p.14).</li> <li>Starting Young Ex. (T/A 1.4, p.16).</li> </ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>Where do teens get their money?</li> <li>What do they do with it?</li> </ul> <p><b>Review Questions:</b> (Use Overhead 1.1)</p> <ul style="list-style-type: none"> <li>What did you learn from this activity?</li> <li>Is this an issue that only young people experience? Is it true for older people as well?</li> <li>What are some solutions to this problem?</li> </ul> <p><b>Tips:</b></p> <ul style="list-style-type: none"> <li>Engage students by presenting information step-by-step when using Overheads 1.2 to 1.4 for the Compound Interest &amp; Starting Young exercises.</li> <li>Keep it simple &amp; avoid too much detail.</li> </ul>
<p><b>Assessment Strategies:</b> (5 min/5 min)</p> <p>Ask students to:</p> <ul style="list-style-type: none"> <li>Define needs and wants and give personal examples of each.</li> <li>Explain what paying yourself first means and why it is important.</li> <li>List tips for investing (e.g., start young, get a financial advisor, find good interest rates &amp; let money grow for a long time).</li> </ul>		<p><b>Homework:</b></p> <ul style="list-style-type: none"> <li>Students will define and research their dream cars using Activity Sheet 1.3. They will use this information for an interactive activity in Lesson Plan 2.</li> </ul> <p>Note: Some teachers prefer to lead this activity in a computer lab class.</p>	

## Lesson Plan 1 – Teaching Notes

Time	Activity	Suggested Dialogue & Tips
2 min 2 min	<p><b>Open the lesson plan</b></p> <p>Welcome students and introduce the program.</p>	
5 min 3 min	<p><b>Money Discussion</b></p> <ol style="list-style-type: none"> <li>1. Lead into a discussion about where teens get their money and what they do with it.</li> <li>2. Encourage students to quickly share ideas. Use positive feedback to encourage further participation.</li> <li>3. Record responses on the board (strategically placing needs and wants on different sides for a discussion later in the class).</li> </ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>• Where do teens get their money? (Typical responses are allowances, babysitting, gifts, odd jobs &amp; work.)</li> </ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"> <li>• If most of your students do not have part-time work, ask them what types of jobs they may have over the next year or two.</li> </ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>• What do teens do with their money?</li> </ul>

<p>38 min 25 min</p>	<p><b>Where Our Money Goes!</b></p> <ol style="list-style-type: none"><li>1. Introduce the \$30,000 Exercise.</li><li>2. Conduct this exercise (see <i>Teaching Aid No. 1.1, page 10</i>).</li><li>3. Discuss the concept of “needs versus wants”. Have the students consider the differences between adult and teen expenses. Lead them toward realizing that they may have to adjust their spending as they get older.</li><li>4. Break the class into small groups and have them discuss the Review Questions and report back to the class. Refer to <i>Overhead 1.1</i> or write the questions on the board.</li></ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• How many of you like to spend money? (show of hands)</li></ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What is the difference between the living expenses in the \$30,000 Exercise and the list of teen expenses on the board?</li><li>• What does this tell you?</li></ul> <p><b>Ask the groups to discuss the following review questions:</b></p> <ul style="list-style-type: none"><li>• What did you learn from this activity?</li><li>• Is running out of money an issue that only young adults experience? Is it true for older people as well?</li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Add to the discussion by pointing out that most Canadian families live from pay cheque to pay cheque and do not have a lot of extra money for fun things.</li></ul>
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	<p>5. Praise the students for their answers and tell them they are about to learn a secret strategy that millionaires use to build wealth. Explain that many millionaires report that it is very important to pay yourself first. Introduce the concept and link to the next section.</p>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What are some solutions to this problem?</li></ul> <p><b>Tips:</b></p> <ul style="list-style-type: none"><li>• The students' solutions may include managing money by only spending on things you really want, buying things on sale, following a budget &amp; setting goals.</li><li>• Lead the discussion to the importance of getting further education. Have students calculate an annual income based on the current minimum wage. (For example, \$8 per hour amounts to an annual income of less than \$17,000.)</li><li>• Make sure the class identifies saving and investing for the future as a key solution.</li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Paying yourself first means that once you receive income, you pay yourself a set percentage of that money (for investing) before you start spending.</li></ul>
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<p>10 min 10 min</p>	<p><b>Investing</b></p> <ol style="list-style-type: none"> <li>1. Conduct the Inflation / Interest Exercise. See <i>Teaching Aid No. 1.2</i>, page 13.</li> <li>2. Conduct the Compound Interest Exercise. See <i>Teaching Aid No. 1.3</i>, page 14. Use <i>Overhead 1.2: Compound Interest</i> (version a or b)</li> </ol>	<p><b>Tips:</b></p> <ul style="list-style-type: none"> <li>• The purpose of this section is to introduce the concept of investing. Keep things simple and avoid too much detail.</li> <li>• If students ask about different types of investments, refer them to the glossary on the program website: <a href="http://www.schoolroom.ca">www.schoolroom.ca</a>.</li> <li>• Reassure students that they don't need to have a lot of money or be good at math in order to build a solid financial future.</li> </ul> <p><b>Tips:</b></p> <ul style="list-style-type: none"> <li>• Never give students advice about specific investments; emphasize the importance of having a financial advisor.</li> <li>• If asked whether the percentages used in the examples are realistic over the long-term, you can refer to investments that have had a successful history. For example, the Templeton Growth Fund was started in November 1954 and had an average rate of return of 13.4% over 50 years. It's always wise, however, to caution that historical numbers do not reflect future performance.</li> </ul>
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	<p>3. Immediately move into the Starting Young Exercises. Conduct them using <i>Teaching Aid No. 1.4</i>, page 16. Use <i>Overheads 1.3: Twin Investing</i> (version a or b) &amp; <i>1.4: Son and Dad Investing</i> (version a or b).</p> <p>4. Assure the students that they don't have to wait until they are 65 to retire. They can set their own goals and work towards them.</p> <p>5. Reinforce the two concepts and comment on the power of paying yourself first.</p> <p>6. Congratulate the students for catching on so quickly. Tell them that many adults aren't aware of, or don't understand, these concepts.</p>	<ul style="list-style-type: none"> <li>Although young people cannot open their own investment accounts until they are 18, parents can open "in trust" accounts on behalf of their children.</li> </ul> <p><b>Say:</b></p> <ul style="list-style-type: none"> <li>Now let's find out when we should start investing.</li> </ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>What are some steps you could take if you wanted to achieve an investing goal sooner?  <i>Answer: Increase the amount and/or frequency of investment deposits.</i></li> </ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>When should we start investing?  <i>Answer: Now. Start Young!</i></li> <li>Should we take money out for spending?  <i>Answer: No. Let the money grow for a long time - don't touch it!</i></li> </ul>
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<p>5 min 5 min</p>	<p><b>Assessment &amp; Homework Assignment</b></p> <ol style="list-style-type: none"><li>1. Assess student learning.</li><li>2. Distribute the Parent Letters.</li><li>3. Distribute copies of <i>Activity Sheet 1.3: My Dream Car</i>. Students will define and research their dream cars. They will use this information for an interactive activity in Lesson Plan 2.  Note: Some teachers prefer to lead this activity in a computer lab class.</li><li>4. Address any questions &amp; end class.</li></ol> <p><b>Students take home with them:</b></p> <ul style="list-style-type: none"><li>• Parent Letters</li><li>• Activity Sheet 1.3</li></ul>	<p><b>Ask students to:</b></p> <ul style="list-style-type: none"><li>• Define needs and wants and give personal examples of each.</li><li>• Explain what paying yourself first means and why it is important.</li><li>• List tips for investing (e.g., start young, get a financial advisor, find good interest rates &amp; let money grow for a long time).</li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• This activity works best if students choose a common type of car (i.e. not a Lamborghini) within a \$30 - 70,000 price range.</li></ul>
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## Teaching Aid No. 1.1

### Title: \$30,000 Exercise

#### Purpose:

- To develop an understanding of living expenses that must be considered as students approach adulthood.
- To help students gain a greater appreciation for the differences between needs and wants.

#### Materials:

- Master Expense List (see Activity Sheet 1.1)
- 60 of \$500 Vancity Bills (see Activity Sheet 1.2)

#### Instructions:

1. Separate the class into groups of 5 or 6 and have each student take out a pen or pencil and a piece of paper. Instruct each student to make a list of things they would buy if they were given \$30,000 in spending money. Ask them to be creative and think about all the fun purchases they would make.

Generate excitement by asking, “Who has the most exciting list?” Help the class come up with additional ideas by sharing items identified by some of the students.

2. Circulate through the groups to make sure that everyone has been participating in making a list. Give extra time if necessary. Check to see that the ideas are realistic (within the \$30,000 price range), not outrageous (e.g., jets, houses, islands, yachts) and not too small (e.g., ice cream, make-up, basketballs). Appropriate examples include horses, pets, sports equipment, televisions, stereos, clothes, musical instruments, vacations and computers.

As you are circulating, look for students who have a large number of items on their lists and who would be appropriate volunteers for the next part of the exercise.

3. When finished, **ask**:
  - How many like to spend money? (show of hands)
  - Who would like to receive \$30,000 in game money to spend in class today?
  - Who has the largest list?
  - Who in the class likes to spend money the most?
4. Explain to the group that one of the students will now receive the \$30,000 of game money.

Select a volunteer that you know has a list of fun, exciting and attainable items. Invite the student to the front of the room.

Tell the volunteer that she now has to make her list even longer. Ask her to step outside the room to continue adding new items to her list and then to pick her top three.

5. Once the volunteer has left the room, tell the class:
  - Your role is to figure out how the volunteer will really spend the money.
  - [Name of volunteer] doesn't realize that she has to first support herself with the money and that we will imagine that she is now an adult who has earned \$30,000 and has to first cover her living expenses before buying fun things.

Have the groups quietly identify real expenditures (living expenses), and tell them that they will compete with the other groups to identify the most expensive items.

Circulate to ensure that they are identifying expenses such as rent, car, gas, food, heat, etc. Clarify with the class if necessary.

6. Once you are convinced that each of the groups has several realistic expenses, invite the volunteer back into the room. Give the \$500 bills to this student and tell her to decide what she would buy first, and announce it to the class.

Once she states her first 'fun' expense (want), announce that you forgot to tell the volunteer that she must first take on adult responsibilities and that the groups are going to help her spend the money.

Ask the teammates to work together to select the most expensive item on their lists. Take one expense from one group at a time. If the expense is on the Master Expense List, then the volunteer must pay the appropriate group the amount listed on the page. Speak in terms of the number of \$500 bills. For example, **say**: "The rent is \$8500 and that means you have to give this group seventeen \$500 bills." Explain that the Master Expense List comes from the most common answers from young people just like them. (Refer to the Master Expense List, page 12. For your convenience, it is also repeated in the Activity Sheet Section for this lesson plan.)

There are many other expenses that could be included on the list. Praise students when they guess other reasonable expenses.

Encourage the volunteer by saying that she can buy whatever she wants with any money that is left over.

**Make this fun. Keep it moving and be dramatic.** Continue this process until the money runs out. Then ask the volunteer:

- How do you feel now that all the money is gone and you didn't even have a chance to buy one fun thing?

- Who ended up with all your money?  
*Answer: The companies that provided the products and services she needed.*
  - How does this make you feel?
7. It's then time to find out which team wins the competition. Instruct the teams to count their game money. Announce each team's total and **collect the game money immediately.**

Congratulate the winning team. Return to the lesson plan notes.

### Master Expense List - \$30,000 Exercise

**REQUIRES: 60 of the \$500 Vancity Bills**

Item	Amount	No. of \$500 bills	Details
Taxes	\$5,000	10	
Rent	\$8,500	17	Approx. \$700/month 1 bedroom basement suite
Car payment	\$3,000	6	\$250/month (used Honda Civic)
Car insurance	\$3,000	6	Based on 2 years of driving experience with no accidents. Includes basic coverage for collision, comprehensive and liability
Gas	\$2,000	4	Based on approximately 20,000 km per year
Food	\$5,000	10	Approx. \$100/week (no eating out)
Clothes	\$1,000	2	Approx. \$80/month
Spending money	\$1,000	2	
Gifts	\$500	1	
Heat	\$1,000	2	
Phone	\$500	1	no cell phones
Health Care	\$1,000	2	
Training/Education	\$1,500	3	Part-time courses

## Teaching Aid No. 1.2

### Title: Inflation / Interest Exercise

#### Purpose:

To introduce students to the impact of inflation on the value of money over time.

#### Instructions:

1. Tell the class that you are going to put \$1,000 in a jar and then hide it under your bed for ten years. Get everyone involved. **Ask:** How much money would be there after 10 years?

Once you have received answers from a few students, explain that there would still be \$1,000 in the jar—no more, no less.

#### Ask:

- Would the \$1,000 have the same value in 10 years as it does today?
- Would you be able to buy as much in ten years as you can today?

Get answers from several students.

Explain that money loses value over time and that the \$1,000 may only be worth about \$700 in ten years. **Ask:**

- Does anyone know why?

Explain that “inflation” is a term used to describe money losing value over time and that if the next ten years are like the last 40 years, then \$1,000 would only be worth about \$600-700. **Ask:**

- How many of you would want your money to lose value?

2. Suggest that it is important to make some money grow for the future. **Ask:**

- How does money grow?

Get a variety of answers.

A common response is “put the money in the bank”. Explain that bank accounts are very useful because banks give you money in return for letting them use your money. This additional money is called interest. **Ask:**

- Why do you think that a bank account would not be a good place to ‘invest’ your money?

Once you’ve received some answers, agree that the interest on bank accounts is low, and that there are better ways to make your money grow. Explain that a bank account is good for saving money for a short period of time. **Say:**

- A money coach or financial advisor can help find the best places for you to invest your money. We’ll talk more about this in Lesson Plan 3, but first let’s look at why it’s so important.

## Teaching Aid No. 1.3

### Title: Compound Interest Exercise

**Purpose:**

To demonstrate the value of compounding interest (using \$10,000 at 10%).

**Instructions:**

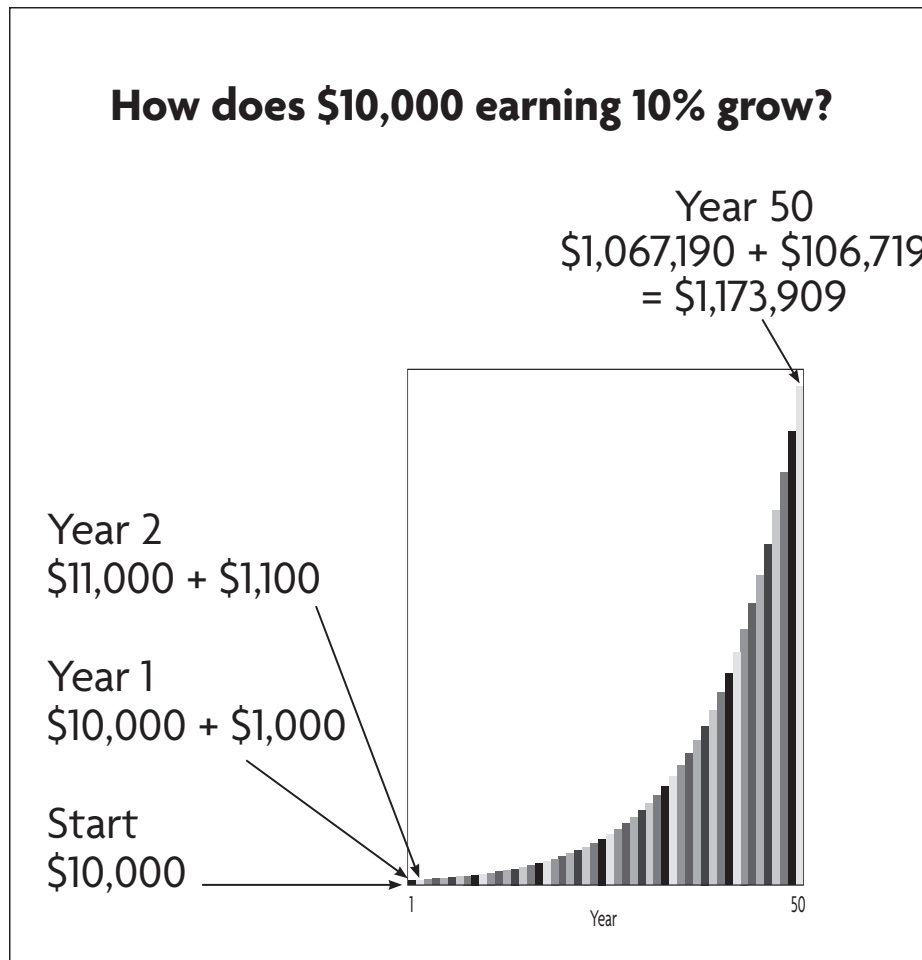
Using *Overhead 1.2 a: Compound Interest*, involve the class in a discussion about how to best save money. For your convenience, a copy of this overhead has been included in Diagram 1.1 on the next page. Use the following discussion steps as a guide:

- Imagine you invested \$10,000 with a company and at the end of the year they gave you \$1,000 just for letting them use your \$10,000. Now imagine you did this for 50 years and every year you took the \$1,000 and spent it. That would mean you have received \$50,000 all from that first \$10,000 - and you would still have the \$10,000. Who likes that?
- But wait, this is where it gets really interesting. If you were to keep the extra money in your investment fund, then that would also grow.
- **Ask:** How much do you think it will be worth? Remind them that they only started with \$10,000. Take several answers. Praise their participation. Tell them: After 50 years that \$10,000 would be worth more than \$1,000,000.

Note - Alternatively, this discussion could be completed using *Overhead 1.2 b Compound Interest*, which is based on an annual interest rate of 8%. In this case, after 50 years the \$10,000 would be worth approximately \$469,000.



### Diagram 1.1: Compound Interest



- **Ask:** What does this tell us? *Answer: Let your investments grow for a long time.*
- **Ask:** Why? *Answer: The longer it grows, the more we'll have!*

## Teaching Aid No. 1.4

### Title: Starting Young

**Purpose:**

To demonstrate the impact of saving/investing money at an early age.

**Instructions:**

*PART A - TWIN INVESTING*

Refer to *Overhead 1.3 a: Twin Investing* (the information from this overhead has been repeated in Diagram 1.2 for your convenience), and tell this story:

1. There were twins - a brother and sister.
2. Karen decided to start investing at age 10. Bob said, "Not me, I'm too young."
3. Karen invested \$250 / year until age 20 and stopped. Bob started investing \$250 / year at age 20, and continued until age 55. Both Karen and Bob earned an interest rate of 10%.
4. **Ask:** Who do you think had more money at age 55? Get some answers.
5. Discuss each of these questions and use the Overhead 1.3 a to reveal answers:

<b>Karen</b>	<b>10-20</b>	<b>\$250 / year</b>
<b>Bob</b>	<b>20-55</b>	<b>\$250 / year</b>

- Who invested for a shorter period of time?

			<b>Years</b>
Karen	10-20	\$250 / year	<b>10 years</b>
Bob	20-55	\$250 / year	<b>35 years</b>

*Answer: Karen*

- Who invested more money?

			<b>Years</b>	<b>Total</b>
Karen	10-20	\$250 / year	10 years	<b>\$2,500</b>
Bob	20-55	\$250 / year	35 years	<b>\$8,750</b>

*Answer: Bob*

- So who has more money at age 55? Get answers.

			<b>Years</b>	<b>Total</b>	<b>Age 55</b>
Karen	10-20	\$250 / year	10 years	\$2,500	<b>\$123,173</b>
Bob	20-55	\$250 / year	35 years	\$8,750	<b>\$74,532</b>

*Answer: Karen. More than \$45,000 more.*

- What does this tell us?

*Answer: Start young!*

Note - Alternatively, this discussion could be completed using Overhead 1.3 b : Twin Investing, which is based on an annual interest rate of 8%. In this case, Karen would have over \$10,000 more money than Bob at age 55. Karen would have \$57,825 and Bob would have \$46,526. This example also supports the value of starting young.

## Diagram 1.2: Twin Investing

<b>Karen</b>	10-20	\$250/yr			
<b>Bob</b>	20-55	\$250/yr			
Interest Rate – 10%					
• Who invested for a shorter period of time?					
<b>Karen</b>	10-20	\$250/yr	10 years		
<b>Bob</b>	20-55	\$250/yr	35 years		
• Who invested more money?					
<b>Karen</b>	10-20	\$250/yr	10 years	\$2,500	
<b>Bob</b>	20-55	\$250/yr	35 years	\$8,750	
• So who has more money at age 55?					
<b>Karen</b>	10-20	\$250/yr	10 years	\$2,500	\$123,173
<b>Bob</b>	20-55	\$250/yr	35 years	\$8,750	\$74,532

### PART B - SON AND DAD INVESTING

Refer to *Overhead 1.4 a: Son and Dad Investing* (the information from this overhead has been repeated in Diagram 1.3: Son and Dad Investing for your convenience), and tell this story:

1. Imagine if you started investing when you were ten years old...
2. One ten year old decided he was going to invest \$25 each month. He calculated that if he continued adding \$25/month, he would have over \$1 million at age 65 if the money was invested at an annual interest rate of 11%.
3. Then he decided to see how much his Dad would have to invest every month (at the same interest rate) in order to have the same amount when Dad turned 65. His Dad was 35 years old at the time.
4. **Ask:** How much do you think the father would have to invest every month in order to have the same amount at age 65?

5. Take answers from the class and build the curiosity of the students.
6. Answer: When the son did the calculations, he found out that his father would have to invest \$400 every month.

Emphasize that the boy would only have to put away \$25 every month and the father would need \$400 per month to achieve the same goal at age 65.

Reinforce this with the following:

Total Amount Invested:

10 year old - \$16,500

35 year old - \$144,000

**Ask:**

- What does this teach us? *Answer: Start Young*
- Would you rather start now when you are young or wait until you are older?
- Does everyone agree that investing is important?

**Say:**

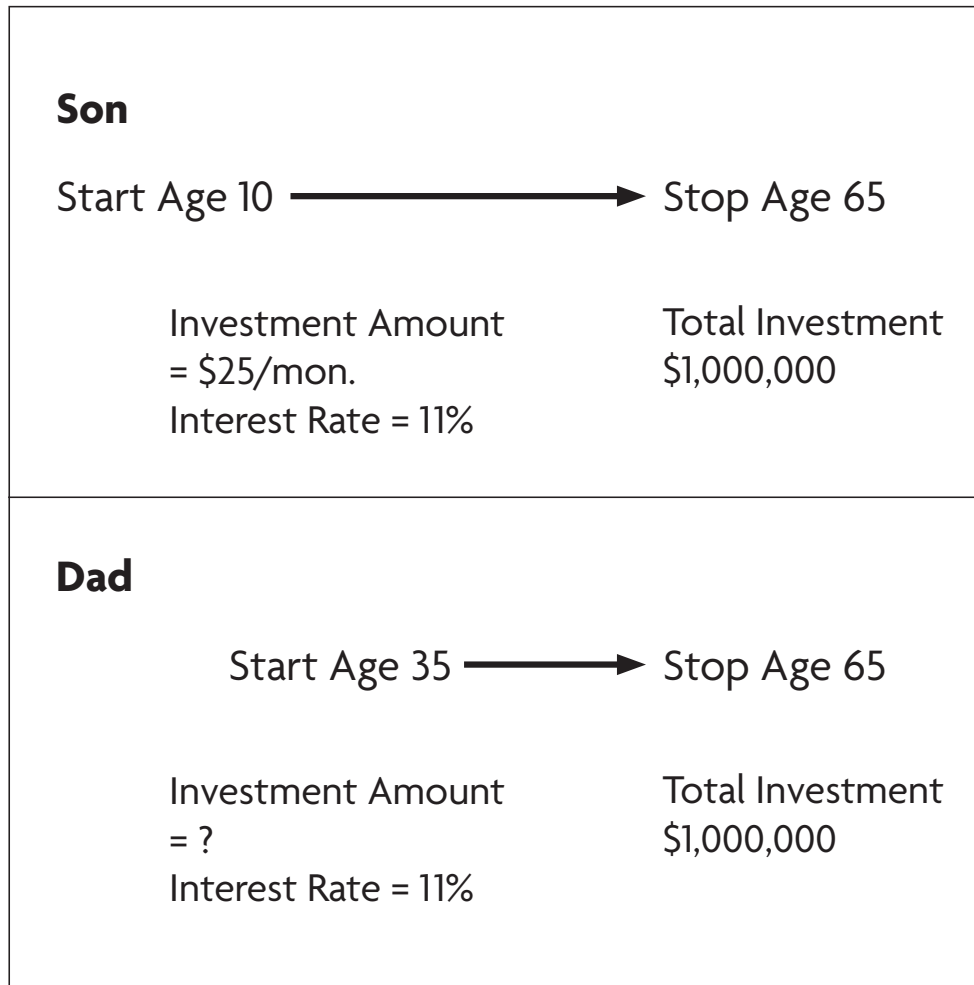
- This is the money for our futures. We get to keep it — not the stores!

**Ask:**

- Who do you want to pay first? *Answer: Pay Yourself First!*

Note - Alternatively, this discussion could be completed using Overhead 1.4 b : Dad and Son Investing, which is based on an annual interest rate of 8%. In this case, the son would have approximately \$300,000 at age 65. The father would have to invest about \$200 each month in order to achieve the same amount at age 65.

### Diagram 1.3: Son and Dad Investing



Answer: Dad must invest \$400/month

PowerPlay Money Managers™

Lesson Plan 1 : Managing Your Money

**Overheads**

# PowerPlay Money Managers™

Lesson Plan 1 : Managing Your Money

Overhead 1.1

Title : Review Questions

1. What did you learn about needs and wants from the \$30,000 Activity?
2. What are the differences between the way youth spend their money and adults spend their money?
3. How has this changed the way you might manage money in the future?

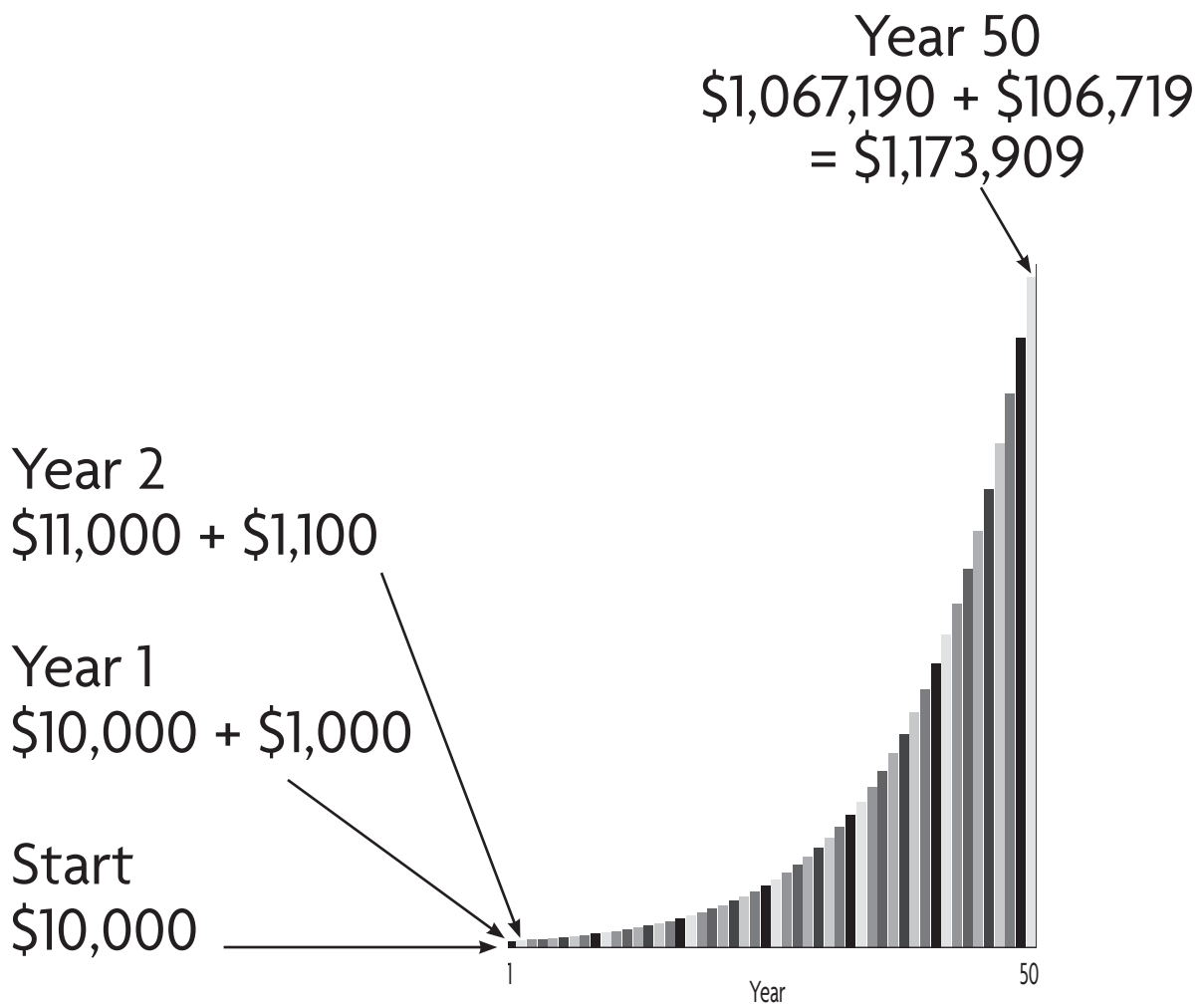
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Lesson Plan 1 : Managing Your Money

Overhead 1.2 a

Title : Compound Interest

## How does \$10,000 earning 10% grow?





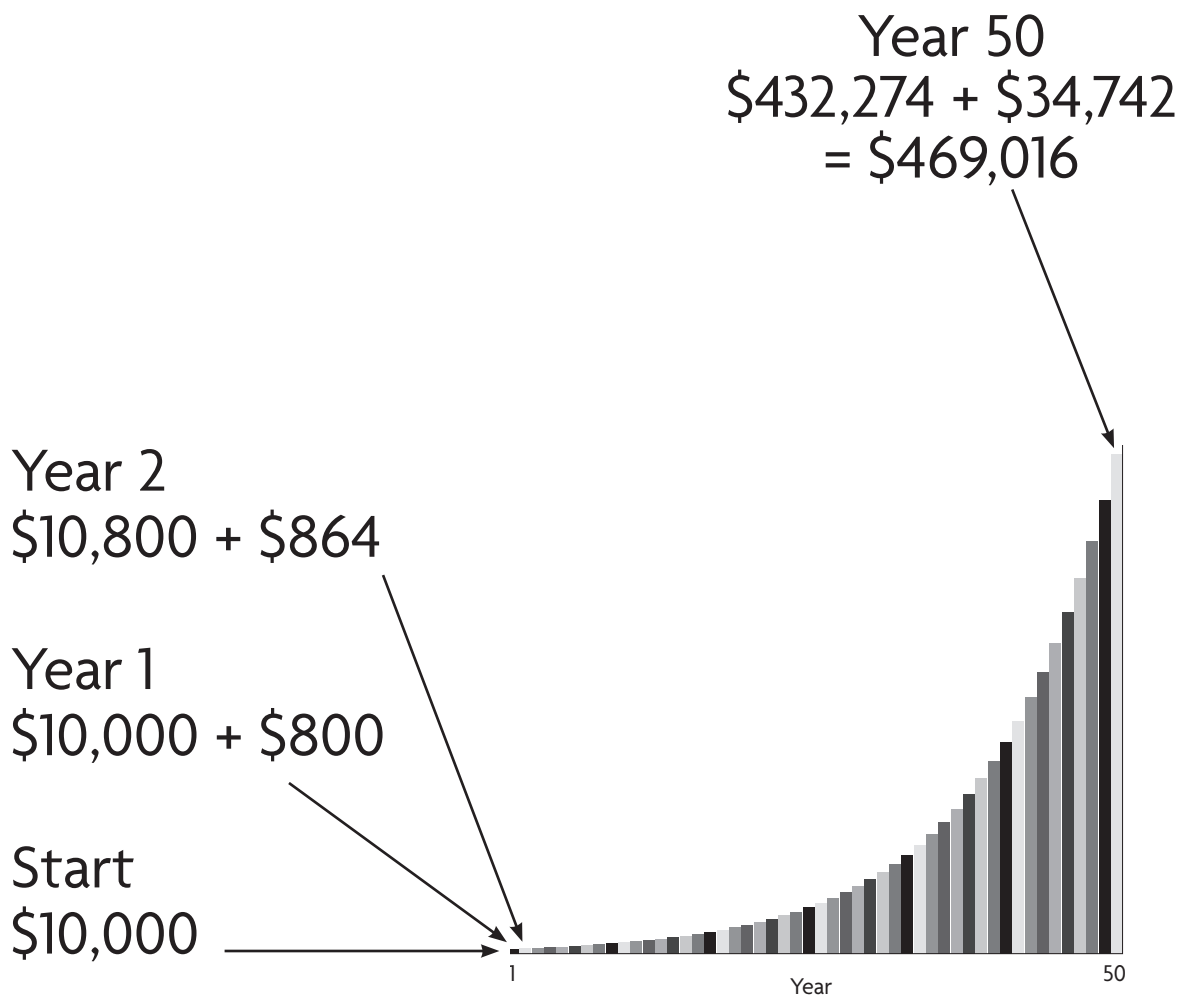
# PowerPlay Money Managers™

Lesson Plan 1 : Managing Your Money

Overhead 1.2 b

Title : Compound Interest

## How does \$10,000 earning 8% grow?



# PowerPlay Money Managers™

Lesson Plan 1 : Managing Your Money

Overhead 1.3 a

Title : Twin Investing

**Karen** 10-20 \$250/yr

**Bob** 20-55 \$250/yr

Interest Rate – 10%

- Who invested for a shorter period of time?

**Karen** 10-20 \$250/yr **10 years**

**Bob** 20-55 \$250/yr **35 years**

- Who invested more money?

**Karen** 10-20 \$250/yr 10 years **\$2,500**

**Bob** 20-55 \$250/yr 35 years **\$8,750**

- So who has more money at age 55?

**Karen** 10-20 \$250/yr 10 years \$2,500 **\$123,173**

**Bob** 20-55 \$250/yr 35 years \$8,750 **\$74,532**

# PowerPlay Money Managers™

Lesson Plan 1 : Managing Your Money

Overhead 1.3 b

Title : Twin Investing

**Karen** 10-20 \$250/yr

**Bob** 20-55 \$250/yr

Interest Rate – 8%

- Who invested for a shorter period of time?

**Karen** 10-20 \$250/yr **10 years**

**Bob** 20-55 \$250/yr **35 years**

- Who invested more money?

**Karen** 10-20 \$250/yr 10 years **\$2,500**

**Bob** 20-55 \$250/yr 35 years **\$8,750**

- So who has more money at age 55?

**Karen** 10-20 \$250/yr 10 years \$2,500 **\$57,825**

**Bob** 20-55 \$250/yr 35 years \$8,750 **\$46,526**

# PowerPlay Money Managers™

Lesson Plan 1 : Managing Your Money

Overhead 1.4 a

Title : Son and Dad Investing

## Son

Start Age 10  $\longrightarrow$  Stop Age 65

Investment Amount  
= \$25/mon.  
Interest Rate = 11%

Total Investment  
\$1,000,000

## Dad

Start Age 35  $\longrightarrow$  Stop Age 65

Investment Amount  
= ?  
Interest Rate = 11%

Total Investment  
\$1,000,000

Answer: Dad must invest \$400/month

# PowerPlay Money Managers™

Lesson Plan 1 : Managing Your Money

Overhead 1.4 b

Title : Son and Dad Investing

## Son

Start Age 10  $\longrightarrow$  Stop Age 65

Investment Amount  
= \$25/mon.  
Interest Rate = 8%

Total Investment  
\$300,000

## Dad

Start Age 35  $\longrightarrow$  Stop Age 65

Investment Amount  
= ?  
Interest Rate = 8%

Total Investment  
\$300,000

Answer: Dad must invest \$200/month

PowerPlay Money Managers™

Lesson Plan 1 : Managing Your Money

**Activity Sheets**

# PowerPlay Money Managers™

Activity Sheet 1.1

Master Expense List - \$30,000 Exercise

Refer to Teaching Aid No. 1.1

Lesson Plan 1 - \$30,000 Exercise

REQUIRES: 60 of the \$500 Vancity Bills

Item	Amount	No. of \$500 bills	Details
Taxes	\$5,000	10	
Rent	\$8,500	17	Approx. \$700/month 1 bedroom basement suite
Car payment	\$3,000	6	\$250/month (used Honda Civic)
Car insurance	\$3,000	6	Based on 2 years of driving experience with no accidents. Includes basic coverage for collision, comprehension and liability.
Gas	\$2,000	4	Based on approximately 20,000 km per year.
Food	\$5,000	10	Approx. \$100/week (no eating out)
Clothes	\$1,000	2	Approx. \$80/month
Spending money	\$1,000	2	
Gifts	\$500	1	
Heat	\$1,000	2	
Phone	\$500	1	no cell phones
Health Care	\$1,000	2	
Training / Education	\$1,500	3	Part-time courses

# PowerPlay Money Managers™

Activity Sheet 1.2

\$500 Vancity Bills





# PowerPlay Money Managers™

Activity Sheet 1.3

My Dream Car

Name: \_\_\_\_\_ Section: \_\_\_\_\_

Design the car you would like to be driving when you are 18. What type of vehicle would you select (e.g., sports car, truck, sedan, SUV)? What colour would you prefer? Are there any special features that you would choose (e.g., tinted windows, rims, spoilers, stereo)? Would you prefer an automatic or standard transmission?

Once you have selected your features, you must determine how much your car will cost. Check out newspapers, go to websites or visit local dealerships after school.

You will be expected to promote your car to other students in class, so bring along material to support your selection. Pictures, brochures and performance information will help others appreciate your choice of car.

Dear Parents,

Over the next few weeks our Planning 10 class will be participating in the PowerPlay Money Managers™ program. This program consists of a series of interactive lesson plans designed to engage students in exploring relevant financial issues and planning for life after high school. Students will gain real-life experience with assessing financial products and services, researching the cost for post-secondary education and developing their own financial plans.

As a credit union recognized for their community leadership, Vancity looks to share the responsibility of helping young people prepare for the future, and thus, has made this financial education resource package available to our school. Vancity has engaged PowerPlay Strategies, specialists in youth-oriented financial education, to customize this high school program to support the objectives for Planning 10. The program contains direct links to the curriculum, easy-to-use materials and opportunities for meaningful parental involvement.

For the duration of the program, your child will be responsible for completing a number of homework assignments. These exercises will lead to family discussions about financial and planning issues, and offer the opportunity for your family's values and goals to be emphasized. A dedicated program website, [www.schoolroom.ca](http://www.schoolroom.ca), is available to support student learning.

We hope you and your child enjoy this program.

Sincerely,

# PowerPlay Money Managers™

Teacher's Manual

Lesson Plan 2 : My First Car



# Lesson Plan 2: My First Car

## Overview

This lesson plan opens with a dynamic exercise in which students describe the car that they would like to own at age 18. They are encouraged to be very specific and include the type of vehicle, model, color and desired features.

Students learn to set realistic goals as they explore the costs associated with owning a vehicle. They consider insurance costs and explore different types of operating expenses. They also learn how credit works and discover that different factors can impact the monthly financing cost.

A class discussion is used to summarize the activity and help students appreciate the real cost of transportation. They evaluate their own personal expectations, reflect on the cars they described at the beginning of the class and consider modes of transportation that may be appropriate for them after they leave high school.

## Key Objectives:

At the end of the class, students will be able to:

- Identify costs associated with owning a vehicle.
- Explain how a car loan works and list the factors that can impact the monthly financing cost.
- List several realistic options for transportation for students when attending a post-secondary school.

## Teacher Preparation:

1. Review the lesson plan outline and be comfortable with presentation and procedure. Do not attempt to memorize the material. Select your own words and speak from the heart.
2. Assemble materials for Lesson Plan 2. (If necessary, photocopy materials and prepare overheads using the black-lined masters.)

## Materials:

Item	Quantity
Overheads: <ul style="list-style-type: none"> <li>• 2.1 Sample Vehicle</li> <li>• 2.2 Total Purchase Price</li> <li>• 2.3 Loan Calculator</li> <li>• 2.4 Monthly Loan Payments</li> <li>• 2.5 Impact of Interest Rates (Loans)</li> <li>• 2.6 Impact of Payment Terms</li> <li>• 2.7 Monthly Insurance Costs</li> <li>• 2.8 Insurance Cost Factors</li> <li>• 2.9 Monthly Maintenance Costs</li> <li>• 2.10 Total Monthly Costs</li> </ul>	1 1 1 1 1 1 1 1 1 1
Activity Sheets: <ul style="list-style-type: none"> <li>• 2.1 My Dream Car - See Note 1</li> <li>• 2.2 Group Scenario</li> <li>• 2.3 My First Car (2 pages) - See Note 2</li> </ul>	1 per student + 2 extra 1 per student + 2 extra 1 per student + 2 extra

Note 1 - Activity Sheet 2.1 is a version of Activity Sheet 1.5. The corresponding activity can either be used as a homework assignment with Lesson Plan 1 or as an in-class activity with this lesson plan. A copy has been included in both lesson plans and therefore Activity Sheet 2.1 does not have to be copied if the homework option was used.

Note 2 - Activity sheet 2.3: My First Car can also be downloaded by students in the Student Zone of [www.schoolroom.ca](http://www.schoolroom.ca).

## Overview of Homework Assignment:

Students will be assigned the following tasks:

1. Discuss with their parents their anticipated mode of transportation after they leave school and explore some of the associated costs using Activity Sheet 2.3. Students will also use the Loan Calculator at [www.schoolroom.ca](http://www.schoolroom.ca) to complete this assignment.



## Lesson Plan 2 – Teaching Notes

Time	Activity	Suggested Dialogue & Tips
20 min 13 min	<p><b>Car Discussion</b></p> <ol style="list-style-type: none"> <li>1. Welcome students and ask them to take out their research for the <i>My Dream Car Activity</i> (if it was assigned as homework in Lesson Plan 1). Otherwise, distribute copies of <i>Activity Sheet 2.1</i> and allow time for students to complete research regarding their dream cars.</li> <li>2. Divide the class into groups of 5 to 6 students.</li> <li>3. Engage them in preparing a simple presentation to describe the cars they would like to be driving when they are 18 and explain why they like them.</li> <li>4. Once they have had time to formulate their ideas, have them present to their small groups for one minute each.</li> <li>5. Have two or three students repeat their presentations in front of the class.</li> <li>6. Praise all the students for their excellent taste in cars.</li> </ol>	<p><b>Tips:</b></p> <ul style="list-style-type: none"> <li>• Some teachers prefer to have students complete this research in a computer lab class rather than at home.</li> <li>• The activity works best if students choose a common type of car (i.e. not a Lamborghini) within a \$30 - 70,000 price range.</li> </ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"> <li>• Encourage the students to include lots of detail including:             <ul style="list-style-type: none"> <li>- type of vehicle (e.g., sports car, sedan, truck or SUV);</li> <li>- colour;</li> <li>- special features (e.g., rims, tinted windows, spoilers or stereo); and</li> <li>- transmission (automatic or standard).</li> </ul> </li> </ul>

<p>3 min 3 min</p>	<p><b>Car Expense Activity</b></p> <ol style="list-style-type: none"><li>1. Explain to the class that they are going to participate in an activity to see who understands cars best. Use <i>Overhead 2.1: Sample Vehicle</i> to introduce the example that will be used in the discussion.</li><li>2. Distribute <i>Activity Sheet 2.2: Group Scenario</i> to each student and explain that they will be responsible for determining the cost to purchase, maintain and insure the sample vehicle based on the information provided. The group (or person) that calculates the best estimates wins.</li></ol>	<p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Point out that each of the students will have to determine the monthly cost for their own personal situations later.</li></ul>
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<p>15 min 12 min</p>	<p><b>Step 1: Financing</b></p> <ol style="list-style-type: none"><li>1. Each group determines their estimate of the monthly payment for their vehicle loan.</li><li>2. Estimates are recorded in the appropriate box on their Estimating Worksheets. Once all groups have listed their guesses, record their responses on the board.</li><li>3. Use <i>Overhead 2.2: Total Purchase Price</i> to illustrate the method of calculating the total purchase price. Point out the extra expense for taxes and discuss the purpose of a down payment.</li><li>4. Use <i>Overhead 2.3: Loan Calculator</i> to demonstrate how monthly payments are calculated for loans. Show the results for the Group Scenario using <i>Overhead 2.4: Monthly Loan Payments</i>.</li><li>5. Determine which group is closest and announce the winner of this first round.</li><li>6. Discuss what the students learned from this step.</li><li>7. Use <i>Overhead 2.5: Impact of Interest Rates (Loans)</i> and <i>Overhead 2.6: Impact of Payment Terms</i> to illustrate the pros and cons associated with changing these two variables.</li></ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What is a down payment?</li><li>• Why would banks want you to have one?</li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Introduce these variables by asking how you could decrease the monthly payment and then link to appropriate overheads.</li></ul>
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	8.Review.	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What does this exercise tell us about financing?</li><li>• What is the advantage of using different payment terms?</li><li>• When would it be appropriate to use a shorter term?</li><li>• Do people have different interest rates? <i>Answer: Yes. Different banks compete with each other by offering lower rates.</i></li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Point out that by shopping around, people can sometimes get lower rates.</li></ul>
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<p>2 min 2 min</p>	<p><b>Step 2: Insurance</b></p> <ol style="list-style-type: none"> <li>1. Repeat the process followed in Step 1 by having the groups/ individuals estimate the cost for insuring the vehicle based on the information provided in the Group Scenario.</li> <li>2. Record responses on the board.</li> <li>3. Use <i>Overhead 2.7: Monthly Insurance Costs</i> to show the associated monthly costs of insurance and declare the winners for this second round.</li> <li>4. Use <i>Overhead 2.8: Insurance Cost Factors</i> to present some of the different factors that impact the cost of insurance.</li> </ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>• Would the insurance be more costly for a sports car than a sedan? <i>Answer: Absolutely.</i></li> </ul>
<p>4 min 3 min</p>	<p><b>Step 3: Maintenance</b></p> <ol style="list-style-type: none"> <li>1. Repeat the process one final time for the cost of maintaining the vehicles. Encourage the groups/individuals to consider the different types of expenses associated with operating a vehicle (i.e. gas, maintenance &amp; tires).</li> <li>2. Record the cost estimates, unveil the actual costs using <i>Overhead 2.9: Monthly Maintenance Costs</i> and announce the winner.</li> </ol>	

<p>11 min 7 min</p>	<p><b>Activity Review</b></p> <ol style="list-style-type: none"><li>1. Lead a discussion about what can be learned from the activity, focusing on being aware of the hidden costs associated with owning an automobile.</li><li>2. Use <i>Overhead 2.10: Total Monthly Costs</i>, and discuss how realistic owning a new automobile is for young adults and explore different options for transportation (e.g., purchasing a used car, borrowing parents' car or using transit system).</li><li>3. Point out that it is still important for them to have goals and know what they want. Distribute <i>Activity Sheet 2.3: My First Car</i> and have the students start calculating the expenses for their own dream cars.</li></ol>	
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<p>5 min 5 min</p>	<p><b>Assessment &amp; Homework Assignment</b></p> <ol style="list-style-type: none"><li>1. Assess student understanding.</li><li>2. Assign Homework. Students will talk with their parents about their anticipated mode of transportation after they leave high school and explore some of the associated costs in order to complete <i>Activity Sheet 2.3: My First Car</i>. They will also need to use the Loan Calculator at <a href="http://www.schoolroom.ca">www.schoolroom.ca</a> to complete the assignment.</li><li>3. Address questions.</li><li>4. End the class.</li></ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What are typical expenses associated with purchasing and owning a car? (<i>Answer: Down payment, insurance, loan payment, maintenance, tires, gas, etc.</i>)</li><li>• What are ways to decrease a monthly payment on a car loan? (<i>Answer: Longer payback period, lower interest rate and larger down payment.</i>)</li><li>• What are realistic options for transportation for post-secondary students? (<i>Answer: Used car, transit, bike, parents' car, etc.</i>)</li></ul>
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# PowerPlay Money Managers™

Teacher's Manual

Lesson Plan 3 : Making Money Grow



## PowerPlay Money Managers™ – British Columbia Edition

ISBN 978-0-9780028-2-4

Second Edition 2011

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Published in Canada by  
PowerPlay Strategies Incorporated  
PO Box 45034, Ocean Park RPO  
Surrey, British Columbia  
V4A 9L1

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# Lesson Plan 3: Making Money Grow

## Overview

Many teenagers associate investing for the future with saving money at their local bank or credit union. They do not realize that savings accounts offer very low interest rates and are not appropriate for long-term investing. This lesson plan begins with an eye-opening discussion to reinforce the power of compound interest and introduce students to the importance of selecting appropriate investment vehicles.

A simple formula, known as the Rule of 72, is used by financial planners to estimate how long it takes for a sum of money to double based on a specific interest rate. Students use this tool to evaluate different savings and investment options. They then have the opportunity to explore investment topics in more depth by participating in an action-packed coin toss game. This experiential learning activity helps students make their own conclusions about investment risk, the value of investing from an early age and the importance of getting good advice from a qualified financial advisor.

## Key Objectives:

At the end of this class, students will be able to:

- Explain how the Rule of 72 works and estimate how long it would take for an investment to double using different interest rates.
- Identify simple success strategies for investing.

## Teacher Preparation:

1. Review the lesson plan outline and be comfortable with presentation and procedure. Do not attempt to memorize the material. Select your own words and speak from the heart.
2. Assemble materials for Lesson Plan 3. (If necessary, photocopy materials and prepare overheads using the black-lined masters.)



## Materials:

Item	Quantity
Overheads: <ul style="list-style-type: none"> <li>• 3.1 Double Your Money – Part 1</li> <li>• 3.2 Double Your Money – Part 2</li> <li>• 3.3 Rule of 72</li> </ul>	1 1 1
Activity Sheets: <ul style="list-style-type: none"> <li>• 3.1 Coin Toss Answer Sheet - Version 1 (see Note 1)</li> <li>• 3.2 Coin Toss Answer Sheet - Version 2 (see Note 1)</li> <li>• 3.3 My Financial Goals - Pages 1 &amp; 2 (see Note 2)</li> <li>• 3.4 My Financial Goals - Answers - Pages 1 &amp; 2</li> </ul>	1 for teacher reference 1 per student + 2 extra 1 for teacher reference
Materials for Coin Toss Game <ul style="list-style-type: none"> <li>• pennies</li> <li>• jars</li> <li>• masking tape</li> </ul>	50 per group of 5-6 students 1 per group of 5-6 students 1 roll

Note 1 - Teachers will choose between Versions 1 and 2 of the Coin Toss Answer Sheet. While Version 1 is recommended, some teachers may prefer Version 2 as it offers a lower interest rate.

Note 2 - Activity Sheet 3.2: My Financial Goals can also be downloaded by students in the Student Zone of [www.schoolroom.ca](http://www.schoolroom.ca).

## Overview of Homework Assignment:

- The students are asked to discuss their savings/investment goals with their parents and complete Activity Sheet 3.2: My Financial Goals. They will need to use the on-line Compound Interest Calculators at [www.schoolroom.ca](http://www.schoolroom.ca) for this assignment.



## Lesson Plan 3 - Teaching Notes

Time	Activity	Suggested Dialogue & Tips
22 min 12 min	<p><b>Double Your Money</b></p> <ol style="list-style-type: none"> <li>1. Welcome class. Review homework from Lesson Plan 2.</li> <li>2. Spark interest with the class by announcing that they will have the opportunity to compete to see which group can make their money grow most.</li> <li>3. Use <i>Overhead 3.1 &amp; 3.2: Double Your Money – Parts 1 &amp; 2</i> to illustrate the impact of doubling your money. Follow directions in <i>Teaching Aid No. 3.1, page 8</i>.</li> <li>4. Discuss the value of doubling your money. Point out that we don't need to fill up the checker board to be financially free.</li> <li>5. Introduce the Rule of 72 using <i>Overhead 3.3</i>. Follow <i>Teaching Aid No. 3.2, page 9</i> for details.</li> <li>6. Discuss the concept of investing by following <i>Teaching Aid No. 3.3, page 10</i>.</li> </ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>• What does financial freedom mean? <i>Answer: Having enough money invested that you could cover all your expenses for your desired lifestyle from the interest earned from your investments.</i></li> </ul>

<p>33 min 28 min</p>	<p><b>Coin-Toss Game</b></p> <ol style="list-style-type: none"><li>1. Introduce and play the game. Refer to <i>Teaching Aid No. 3.4, page 11</i> for details.</li><li>2. Link the message to investing.</li><li>3. Link the game back to the Rule of 72.</li></ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What does the coin toss game tell us about investing? <i>Answers: 1. Don't take on too much risk. 2. You need a plan.</i></li><li>• How do you get a plan? Where do you get advice? <i>Answer: Financial planner or financial advisor.</i></li></ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• How long would it take to double your money if you are getting 12%? <i>Answer: 6 years (72 divided by 12).</i></li></ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What does this tell us? When should we start? <i>Answers: Start now, invest on a regular basis and let investment grow for a long time.</i></li></ul>
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	<p>4. Congratulate the group on their success. Reinforce that this is one of the most important steps to financial success.</p>	<p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Remind students that although young people cannot open their own investment accounts until they are 18, parents can open “in trust” accounts on behalf of their children.</li></ul> <p><b>Say:</b></p> <ul style="list-style-type: none"><li>• Most people wait until they are adults to take action. Most don’t learn about this until they’re adults.</li></ul>
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<p>5 min 5 min</p>	<p><b>Assessment &amp; Homework Assignment</b></p> <ol style="list-style-type: none"><li>1. Assess student understanding.</li>          <li>2. Distribute copies of <i>Activity Sheet 3.3 (2 pages)</i>. Instruct the students to discuss their savings/investment goals with their parents and complete the <i>My Financial Goals</i> activities. Point out that they will need to use the Compound Interest Calculators at <a href="http://www.schoolroom.ca">www.schoolroom.ca</a> for this assignment.</li>  <li>3. Address questions.</li>  <li>4. End the class.</li></ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What is the Rule of 72? <i>Answer: Divide interest rate into 72 to get the approximate number of years to double money.</i></li><li>• How long would it take to double your money invested at 8%? <i>Answer: 9 years.</i></li><li>• What are some strategies for successful investing? <i>Answer: Don't take on too much risk, get advice from a qualified financial advisor and start young.</i></li></ul>
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## Teaching Aid No. 3.1

### Title: Double Your Money

**Purpose:** To demonstrate the powerful effect of doubling your money.

**Set-up:** Use Overheads 3.1 & 3.2: Double Your Money (Parts 1 & 2) to illustrate the doubling effect.

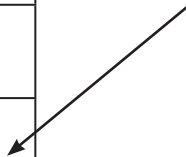
1	2	4	8	

**Instructions:**

- Explain to the class that this is a demonstration to show how important it is to double your money. **Ask:** If you started with \$1 (point to the first block) and you doubled it, how much would you have? *Answer:* \$2. Point to the 2 in block 2. Continue until the first 6 blocks are covered.
- Ask the students to guess how much you would have in block 25. Once you've received several responses, surprise them with the answer: over \$16.8 million!

1	2	4	8	16
32				

\$16.8 million



## Teaching Aid No. 3.2

### Title: Rule of 72

**Purpose:** To demonstrate that good advice and a steady plan are the best ways to achieve financial goals.

**Set-up:** Use Overhead 3.3: The Rule of 72.

**Instructions:**

1. Explain to the class that you can calculate how long it will take to double your money by dividing the interest rate into 72. This is based on leaving the money to grow and not adding any more to it. If you added more money, it would grow even faster.
2. Refer to the following example on the overhead:

- At 6% interest:

$$6 \overline{) 72} \quad \text{it would take 12 years to double.}$$

- At 8% interest:

$$8 \overline{) 72} \quad \text{it would take 9 years to double.}$$

- At 12% interest:

$$12 \overline{) 72} \quad \text{it would take 6 years to double.}$$



## Teaching Aid No. 3.3

### Title: What is Investing?

**Purpose:** To introduce the concept of investing, and to create awareness of professional assistance (i.e. financial advisors).

**Set-up:** none

#### Instructions:

- Ask:** What is investing? *Answer: One way to invest is to buy shares in a company.*  
**Explain:** Your money could be invested in a company - one that makes pens. To expand, it might need to buy additional materials (ink, plastic) or equipment for making the pens. That company will sell “shares” to people to get additional money. When they make and sell the new pens, they would increase the value of their business. We could sell the shares for a higher price, and make more money.
- Ask:** What are examples of companies that you could invest in?  
Write a list on the board.
- Ask:** Has anybody heard the expression, “Don’t put all your eggs in one basket”? Why do you think that putting all your money in one company may be risky? *Answer: The company might not do well.*
- Say:** That’s why young investors often invest in mutual funds. Explain that mutual fund companies take a little money from lots of people and spread out the investment by investing in a lot of different companies. Remind them that a financial advisor can help them find the right places for their money to grow.

## Teaching Aid No. 3.4

### Title: The Coin Toss Game

#### Purpose:

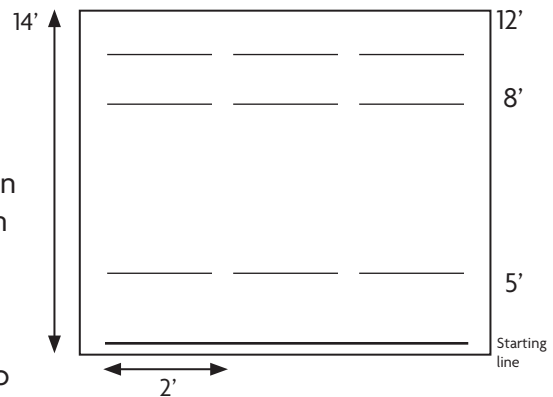
To demonstrate that good advice and a steady plan are the best ways to achieve financial goals.

#### Set-up:

You will need floor space - about 14 ft X 2 ft - for each team. In each of these areas place pieces of tape at 5 ft, 8 ft, and 12 ft on the floor from a starting point. You will also need a piece of tape at the starting line.

#### Instructions:

1. Divide the class into teams of 4 to 5 students.
2. Assign the teams numbers, and write the numbers on the board. (Scores will be recorded next to the team number.)
3. Explain that all teams start with \$1,000. The goal is to see which team can make their money grow the most.
4. Explain that there are pieces of tape on the floor at 5, 8, and 12 feet. Each team has to decide where to place their jar. The jar has to stay at this spot for the entire round. Every time they sink a coin:  
→
  - at 5 feet, they get 12% \$12 for every \$100 they have
  - at 8 feet, they get 30% \$30 for every \$100 they have
  - at 12 feet, they get 100% \$100 for every \$100 they havePlay up how exciting it would be to double your money in one shot.
5. Explain the rules:
  - Only one team player can toss at a time.
  - The person's feet have to be behind the starting line and you can't touch any furniture or walls.
  - You can't use anything to rebound the penny into the jar.
  - Have someone record on the board the number of coins in the jar.
  - Any cheating means the team is disqualified.
  - All pennies must remain in the jar until the end of the round. The pennies are counted at the end.



6. Give each team a jar and 50 pennies. Have each team decide where to place the jar. Write the corresponding percentage under the team numbers (i.e. if Team 1 placed the jar at the 8 ft mark, write '30%' under 'Team 1').
7. Begin the game. Circulate to ensure no one is cheating, and to encourage the students. When necessary, remind students that cheating leads to disqualification.
8. Once finished, have the teams count their pennies and record the numbers on the board under their team numbers (and chosen percentages). Refer to the Activity Sheet 3.1: Coin Toss Game Answer Sheet - Version 1 on page 14 (For your convenience, it is also repeated in the Activity Sheet Section for this lesson plan.) and determine the corresponding dollar value. For example, 8 pennies at the 8 ft point (30% mark) will be \$8,157; 23 pennies at the 5 ft point (12% mark) will be \$13,552. Write the amounts of money on the board starting with the lowest amount.

### 1<sup>st</sup> Round:

Time: approximately 4-5 minutes (all teams play simultaneously).

Review how the groups performed, referencing the scores on the board.

- Point out that there is a lot of risk in trying to double your money in one shot - a lot of time and money are wasted.
- Explain that they now have to apply what they learned to decide what their strategy will be for Round 2. Have the teams discuss where to place their jars.

### 2<sup>nd</sup> Round

Time: 5 minutes (all teams play simultaneously)

Allow the students to set their jars one more time. Write the placement decisions on the board, and start the round. Watch the groups apply their new strategies.

After 3 minutes, give one of the groups with a jar at the 5 foot mark a hint - the rule is that the person who is tossing isn't allowed to put his feet past the line and he isn't allowed to touch any furniture.

**Ask:** So what are you allowed to do, then?

Guide the group to realize that you can have one member of the team stand with his feet behind the line while the other team players stand in front of him (half to his left and half to his right) and support his body while he drops the coins into the jar one at a time.

Allow him to place about 50 coins into the jar and then stop the game.

Use the Activity Sheet 3.1: Coin Toss Game Answer Sheet - Version 1 to determine the dollar values for each group. Write these numbers on the board.

## Debrief:

- Explain to the class that the winning team took the least amount of risk and had a solid strategy in place.

Congratulate all teams for their creativity.

Note - For teachers who prefer to play the game using lower interest rates, it can be modified using Activity Sheet 3.2: Coin Toss Answer Sheet - Version 2 (see Activity Sheet Section for this lesson plan). Pieces of tape are still placed on the floor at 5, 8 and 12 feet and teams decide where to place their jars. Every time they sink a coin:

- at 5 feet, they get 8% - \$8 for every \$100 they have.
- at 8 feet, they get 20% - \$20 for every \$100 they have.
- at 12 feet, they get 50% - \$50 for every \$100 they have.

## Coin Toss Answer Sheet - Version 1

No. of Pennies	12% (5 feet)	30% (8 feet)	100% (12 feet)
1	1,120	1,300	2,000
2	1,254	1,690	4,000
3	1,405	2,197	8,000
4	1,574	2,856	16,000
5	1,762	3,713	32,000
6	1,974	4,827	64,000
7	2,211	6,275	128,000
8	2,476	8,157	256,000
9	2,773	10,604	512,000
10	3,106	13,786	1 Million
11	3,479	17,922	2
12	3,896	23,298	4
13	4,363	30,288	8
14	4,887	39,374	16
15	5,474	51,186	33
16	6,130	66,542	66
17	6,866	86,504	131
18	7,690	112,455	262
19	8,613	146,192	524
20	9,646	190,050	1 Billion
21	10,804	247,065	2
22	12,100	321,184	4
23	13,552	417,539	8
24	15,179	542,801	17
25	17,000	705,641	34
26	19,040	917,333	67
27	21,325	1.2 Million	134
28	23,884	1.6	268
29	26,750	2.0	537
30	29,960	2.6	1 Trillion
31	33,555	3.4	2
32	37,582	4.4	4
33	42,092	5.8	9
34	47,143	7.5	17

CONTINUED NEXT PAGE...

## Coin Toss Answer Sheet - Version 1 continued

No. of Pennies	12% (5 feet)	30% (8 feet)	100% (12 feet)
35	52,800	9.7	34
36	59,136	12.6	69
37	66,232	16.4	137
38	74,180	21.4	275
39	83,081	27.8	550
40	93,051	36.1	1,100
41	104,217	47.0	2,199
42	116,723	61.0	4,398
43	130,730	79.4	8,796
44	146,418	103.2	17,592
45	163,988	134.1	35,184
46	183,666	174.3	70,369
47	205,706	226.6	140,737
48	230,391	294.6	281,475
49	258,038	383.0	562,950
50	289,002	497.9	1,125,900

PowerPlay Money Managers™

Lesson Plan 3 : Making Money Grow

**Overheads**

# PowerPlay Money Managers™

Overhead 3.1

Session : Making Money Grow

Title : Double Your Money - Part 1

<b>1</b>	<b>2</b>	<b>4</b>	<b>8</b>	<b>16</b>
<b>32</b>				



# PowerPlay Money Managers™

Overhead 3.2

Session : Making Money Grow

Title : Double Your Money - Part 2

<b>1</b>	<b>2</b>	<b>4</b>	<b>8</b>	<b>16</b>
<b>32</b>				

**\$16.8 Million**

# PowerPlay Money Managers™

Overhead 3.3

Session : Making Money Grow

Title : Rule of 72

Q: How long will it take to double your money?

A: *Divide the interest rate into 72.*

- At 6% interest:

$$6 \overline{) 72} \quad \text{it would take 12 years to double.}$$

- At 8% interest:

$$8 \overline{) 72} \quad \text{it would take 9 years to double.}$$

- At 12% interest:

$$12 \overline{) 72} \quad \text{it would take 6 years to double.}$$

PowerPlay Money Managers™

Lesson Plan 3 : Making Money Grow

**Activity Sheets**

# PowerPlay Money Managers™

Activity Sheet 3.1/1

Coin Toss Answer Sheet - Version 1

No. of Pennies	12% (5 feet)	30% (8 feet)	100% (12 feet)
1	1,120	1,300	2,000
2	1,254	1,690	4,000
3	1,405	2,197	8,000
4	1,574	2,856	16,000
5	1,762	3,713	32,000
6	1,974	4,827	64,000
7	2,211	6,275	128,000
8	2,476	8,157	256,000
9	2,773	10,604	512,000
10	3,106	13,786	1 Million
11	3,479	17,922	2
12	3,896	23,298	4
13	4,363	30,288	8
14	4,887	39,374	16
15	5,474	51,186	33
16	6,130	66,542	66
17	6,866	86,504	131
18	7,690	112,455	262
19	8,613	146,192	524
20	9,646	190,050	1 Billion
21	10,804	247,065	2
22	12,100	321,184	4
23	13,552	417,539	8
24	15,179	542,801	17
25	17,000	705,641	34
26	19,040	917,333	67
27	21,325	1.2 Million	134
28	23,884	1.6	268
29	26,750	2.0	537
30	29,960	2.6	1 Trillion

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Activity Sheet 3.1/2

Coin Toss Answer Sheet - Version 1

No. of Pennies	12% (5 feet)	30% (8 feet)	100% (12 feet)
31	33,555	3.4	2
32	37,582	4.4	4
33	42,092	5.8	9
34	47,143	7.5	17
35	52,800	9.7	34
36	59,136	12.6	69
37	66,232	16.4	137
38	74,180	21.4	275
39	83,081	27.8	550
40	93,051	36.1	1,100
41	104,217	47.0	2,199
42	116,723	61.0	4,398
43	130,730	79.4	8,796
44	146,418	103.2	17,592
45	163,988	134.1	35,184
46	183,666	174.3	70,369
47	205,706	226.6	140,737
48	230,391	294.6	281,475
49	258,038	383.0	562,950
50	289,002	497.9	1,125,900

# PowerPlay Money Managers™

Activity Sheet 3.2/1

Coin Toss Answer Sheet - Version 2

No. of Pennies	8% (5 feet)	20% (8 feet)	50% (12 feet)
1	1,080	1,200	1,500
2	1,166	1,440	2,250
3	1,260	1,728	3,375
4	1,360	2,074	5,063
5	1,469	2,488	7,594
6	1,587	2,986	11,391
7	1,714	3,583	17,086
8	1,851	4,300	25,629
9	1,999	5,160	38,443
10	2,159	6,192	57,665
11	2,332	7,430	86,498
12	2,518	8,916	129,746
13	2,720	10,699	194,620
14	2,937	12,839	291,929
15	3,172	15,407	437,894
16	3,426	18,488	656,841
17	3,700	22,186	985,261
18	3,996	26,623	1.5 Million
19	4,316	31,948	2.2
20	4,661	38,338	3.3
21	5,034	46,005	5.0
22	5,437	55,206	7.5
23	5,871	66,247	11.2
24	6,341	79,497	16.8
25	6,848	95,396	25.3
26	7,396	114,475	37.9
27	7,988	137,371	56.8
28	8,627	164,845	85.2
29	9,317	197,814	127.8
30	10,063	237,376	191.8

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Activity Sheet 3.2/2

Coin Toss Answer Sheet - Version 2

No. of Pennies	8% (5 feet)	20% (8 feet)	50% (12 feet)
31	10,868	284,852	287.6
32	11,737	341,822	431.4
33	12,676	410,186	647.2
34	13,690	492,224	970.7
35	14,785	590,668	1.5 Billion
36	15,968	708,802	2.2
37	17,246	850,562	3.3
38	18,625	1.0 Million	4.9
39	20,115	1.2	7.4
40	21,725	1.5	11.1
41	23,462	1.8	16.6
42	25,339	2.1	24.9
43	27,367	2.5	37.3
44	29,556	3.0	56.0
45	31,920	3.7	84.0
46	34,474	4.4	125.9
47	37,232	5.3	188.9
48	40,211	6.3	283.4
49	43,427	7.6	425.1
50	46,902	9.1	637.6

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Activity Sheet 3.3/1

My Financial Goals

Name: \_\_\_\_\_ Section: \_\_\_\_\_

1. Go to [www.schoolroom.ca](http://www.schoolroom.ca). Use the Compound Interest Calculator No. 1 to determine how much your money would grow based on the following investment scenarios. You invest \$1,000 at an annual interest rate of 8%. How much would your investment be worth after 10 years? Calculate how much money you would have if your money compounded for 25 years and 50 years.

2. What is the value of investing from an early age?

3. Imagine you invested a small amount of your pay cheque every month. This is called “paying yourself first.” Calculate how much a regular investment of \$50 per month would be worth after 50 years. Use the Compound Interest Calculator No. 2 and base your calculations on an annual interest rate of 8%.



# PowerPlay Money Managers™

Activity Sheet 3.3/2

My Financial Goals

4. What is the value of paying yourself first?

5. What are your savings and investment goals? Evaluate your goals using the Compound Interest Calculators and check out the impact of using different interest rates and investment terms.

6. What are some steps you can take towards achieving your goals? Remember you can't open investment accounts until you are 18, but parents can open an "in trust" account on your behalf.

7. Talk with your parents about your savings and investment goals. How will they support you in achieving your goals?

8. Parent Signature:

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Activity Sheet 3.4/1

My Financial Goals - Answers

Name: \_\_\_\_\_ Section: \_\_\_\_\_

1. Go to [www.schoolroom.ca](http://www.schoolroom.ca). Use the Compound Interest Calculator No. 1 to determine how much your money would grow based on the following investment scenarios. You invest \$1,000 at an annual interest rate of 8%. How much would your investment be worth after 10 years? Calculate how much money you would have if your money compounded for 25 years and 50 years.

*Answers: \$2,159 after 10 years  
\$6,848 after 25 years  
\$46,901 after 50 years*

2. What is the value of investing from an early age?

*Answer: Interest has more time to compound and the investment grows much more in the later years.*

3. Imagine you invested a small amount of your pay cheque every month. This is called “paying yourself first.” Calculate how much a regular investment of \$50 per month would be worth after 50 years. Use the Compound Interest Calculator No. 2 and base your calculations on an annual interest rate of 8%.

*Answer: \$399,230*

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Activity Sheet 3.4/2

My Financial Goals - Answers

4. What is the value of paying yourself first?

*Answer: Finding a little amount of money to invest each month is not that difficult, and yet it can grow to a substantial amount.*

5. What are your savings and investment goals? Evaluate your goals using the Compound Interest Calculators and check out the impact of using different interest rates and investment terms.

6. What are some steps you can take towards achieving your goals? Remember you can't open investment accounts until you are 18, but parents can open an "in trust" account on your behalf.

7. Talk with your parents about your savings and investment goals. How will they support you in achieving your goals?

8. Parent Signature:

# PowerPlay Money Managers™

Teacher's Manual

Lesson Plan 4 : The Credit Game



# PowerPlay Money Managers™ – British Columbia Edition

ISBN 978-0-9780028-2-4

Second Edition 2011

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Published in Canada by  
PowerPlay Strategies Incorporated  
PO Box 45034, Ocean Park RPO  
Surrey, British Columbia  
V4A 9L1

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# Lesson Plan 4: The Credit Game

## Overview

When students leave high school, they start taking on more responsibility and making important financial decisions. This session is designed to help students realize that the choices they make today can have serious implications on their futures. They are introduced to simple steps for building a good credit rating and some of the consequences of making poor financial decisions.

Credit cards are the primary focus for this lesson plan. Students become familiar with related terminology, explore how credit cards work and consider some of the pitfalls of using credit. An interactive activity is used to help students discover the impact of high interest rates and of only making the minimum payment.

## Key Objectives:

At the end of this session, students will be able to:

- Identify simple steps for building a good credit rating.
- Explain how credit cards work and list some of the potential hazards of using them.

## Teacher Preparation:

1. Review the session outline and be comfortable with presentation and procedure. Do not attempt to memorize the material. Select your own words and speak from the heart.
2. Assemble materials for Lesson Plan 4. (If necessary, photocopy materials and prepare overheads using the black-lined masters.)

## Materials:

Item	Quantity
Overheads: <ul style="list-style-type: none"> <li>• 4.1 Calculating Interest</li> <li>• 4.2 How Payments Work</li> <li>• 4.3 Impact of Higher Payments</li> <li>• 4.4 Interest Activity No. 1</li> <li>• 4.5 Impact of Interest Rates</li> <li>• 4.6 Interest Activity No. 2</li> </ul>	1 1 1 1 1 1
Materials for Interest Activities <ul style="list-style-type: none"> <li>• Dice</li> </ul>	1 per group of 5-6 students
Activity Sheets: <ul style="list-style-type: none"> <li>• 4.1 Interest Tally Sheet – No. 1</li> <li>• 4.2 Interest Tally Sheet – No. 2</li> <li>• 4.3 Yes / No Signs</li> <li>• 4.4 Credit Rating Scenarios</li> <li>• 4.5 My First Credit Card (2 pages) - See Note 1</li> <li>• 4.6 My First Credit Card - Answers (2 pages)</li> </ul>	1 per student + 2 extra 1 per student + 2 extra 1 per group of 5-6 students + 2 extra 1 for teacher reference 1 per student + 2 extra 1 for teacher reference

Note 1 - Activity Sheet 4.5: My First Credit Card can also be downloaded by students in the Student Zone at [www.schoolroom.ca](http://www.schoolroom.ca).

## Overview of Homework Assignment:

The following homework activities will be assigned in this session:

1. The students will explore how credit cards work by using the on-line Credit Card Calculator at [www.schoolroom.ca](http://www.schoolroom.ca) to complete Activity Sheet 4.5. They also compare different credit card offers and discuss their findings with their parents.

## Summary Sheet:

<p><b>Session Overview:</b></p> <ul style="list-style-type: none"> <li>This session is designed to help students realize that the choices they make today can have serious implications for their futures. Students explore how credit cards work. Interactive activities are used to help students discover the impact of interest rates and minimum payments. Steps for building good credit are also considered.</li> </ul>		<p><b>Materials List:</b></p> <ul style="list-style-type: none"> <li>Overheads: 4.1 to 4.6</li> <li>Activity Sheets: 4.1 to 4.6</li> <li>Dice (1 per group of 5-6 students)</li> </ul>	
<p><b>Learning Objectives</b></p>		<p><b>Activities</b></p>	<p><b>Dialogue &amp; Tips</b></p>
<p>Teaching Notes:</p>	<p>At the end of the session, students will be able to:</p> <ol style="list-style-type: none"> <li>Identify simple steps for building a good credit rating.</li> <li>List some of the potential hazards of using credit cards.</li> <li>Identify success strategies for using credit cards.</li> </ol>	<p><b>The Credit Game</b> (44 min / 40 min)</p> <ol style="list-style-type: none"> <li>Welcome students &amp; form groups of 5-6.</li> <li>Introduce credit cards &amp; features such as interest, payments &amp; grace periods.</li> <li>Use Overhead 4.3 to discuss the impact of higher payments. Highlight cost of minimum payments and lead directly to Interest Activity No. 1.</li> <li>Debrief activity &amp; discuss credit ratings.</li> <li>Explore impact of interest rates with Overhead 4.5.</li> <li>Groups define tips for credit card use.</li> </ol> <p><b>Evaluating Risk</b> (11 min / 0 min)</p> <ol style="list-style-type: none"> <li>Introduce activity &amp; explain that groups earn points for correctly evaluating risk.</li> <li>Read scenarios (using Activity Sheet 4.4) &amp; have groups discuss &amp; write reasons for selecting their answers.</li> <li>All groups raise signs simultaneously.</li> <li>Reporters present reasons. Points are assigned &amp; process is repeated.</li> </ol>	<p><b>Tips:</b></p> <ul style="list-style-type: none"> <li>Pen/pencil and paper required.</li> <li>Use Overheads 4.1 &amp; 4.2 to show how interest &amp; payments work.</li> <li>Distribute Activity Sheet 4.1 and use Overhead 4.4 to guide activity.</li> <li>Distribute Activity Sheet 4.2 &amp; run Interest Activity No. 2 using Overhead 4.6. Follow with a debriefing.</li> <li>Distribute the Activity Sheet 4.3 and have the students create the two signs.</li> <li>Build excitement in the class when giving out points.</li> <li>Give out bonus points when appropriate.</li> </ul>
<p><b>Assessment Strategies:</b> (5 min/ 5 min) Ask students:</p> <ul style="list-style-type: none"> <li>What is a credit rating? What are simple steps that you can take to build a good credit rating? (<i>Answer: Agencies track your finances &amp; rate you in terms of risk. Build a good rating by paying bills on time, paying off loans, avoiding too much debt, etc.</i>)</li> <li>What are ways to use credit cards wisely? (<i>Answer: Pay off monthly or at least make large payments; look for low interest if you will have a balance.</i>)</li> </ul>		<p><b>Homework:</b></p> <ol style="list-style-type: none"> <li>The students will explore how credit cards work by using the Credit Card Calculator at <a href="http://www.schoolroom.ca">www.schoolroom.ca</a> to complete Activity Sheet 4.5. They compare credit cards offers and discuss their findings with their parents.</li> </ol>	



## Lesson Plan 4 – Teaching Notes

Time	Activity	Suggested Dialogue & Tips
5 min 3 min	<p><b>The Credit Game - Introduction</b></p> <ol style="list-style-type: none"> <li>1. Welcome the class and review homework from Lesson Plan 3.</li> <li>2. Have the students clear their desks and organize into groups of 5-6. Each student will need a pen/pencil and 1 piece of paper.</li> <li>3. Explain that the students will be participating in different activities where they will compete with each other to see who will end up with the most money, but first they will need to understand some basic facts about credit cards.</li> <li>4. Lead a simple discussion about how credit cards work.</li> </ol>	<p><b>Tip:</b></p> <ul style="list-style-type: none"> <li>• Sample credit cards and sample statements make great exhibits at various points throughout this class.</li> </ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>• What is a credit card?</li> <li>• Why would a credit card company want to let you use their money?</li> </ul> <p><i>Answer: Credit card interest and other fees.</i></p>

<p>5 min 4 min</p>	<p><b>The Basics of Credit Cards</b></p> <ol style="list-style-type: none"><li>1. Use <i>Overhead 4.1: Calculating Interest</i> to illustrate how interest is calculated. Immediately follow with <i>Overhead 4.2: How Payments Work</i> to show how payments are applied to credit card balances.</li><li>2. Introduce the following situation for the students to discuss in their small groups. Allow time for them to share ideas and then have groups report back to the class.</li></ol>	<p><b>Say:</b></p> <ul style="list-style-type: none"><li>• A college student is planning to travel through Europe for 6 months. He plans to use a credit card for spending and anticipates that he will have about \$1,000 in purchases every month. He plans to pay off the card as soon as the statement goes out. What are the pros and cons of his plan?</li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Convenience and acceptance throughout the world will likely be included as positive features, but students may be uncertain about the costs associated with using credit cards. Get different opinions and then explain that as long as the balance is paid off within a Grace Period, no interest is charged.</li></ul>
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<p>16 min 16 min</p>	<p><b>The Impact of Higher Payments</b></p> <p>1. Explain that people can choose how much they want to pay each month as long as they pay more than the minimum required. (Note: Different cards have different minimums such as 1.5%, 2%, 5% or \$20.)</p> <p>2. Introduce <i>Overhead 4.4: Interest Activity No. 1</i> by pointing out that the numbers from <i>Overhead 4.3</i> are now going to be used in an activity.</p>	<p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Spark interest by starting a discussion about a new CD player. Explain that you are going to find out what a \$1,000 CD player would really cost if a credit card was used to pay for it. Use <i>Overhead 4.3: Impact of Higher Payments</i> to illustrate the value of maximizing credit card payments. Present one line at a time to build interest. Draw extra attention to cost associated with making minimum payments (\$20 in this example).</li></ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• Would credit card companies want you to pay off the card monthly or pay the minimum payment?</li><li>• Who benefits if you pay the minimum? Who loses?</li><li>• How much would the CD player really cost if you only ever made the minimum payment of \$20? <i>Answer: \$1,862</i></li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Show that the numbers from <i>Overhead 4.4</i> correspond to the previous overhead.</li></ul>
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<p>3. Explain the steps:</p> <ul style="list-style-type: none"><li>• Everyone starts with \$0 in interest and no missed payments.</li><li>• Each student takes a turn rolling the die and then follows the corresponding action step.</li><li>• If a 6 is rolled, the student gets a missed payment and immediately rolls again.</li><li>• The goal is to have the least amount of interest and the lowest amount of missed payments.</li><li>• Students continue taking turns until you announce the end of the activity.</li></ul> <p>4. Distribute the dice and copies of <i>Activity Sheet 4.1: Interest Tally Sheet – No. 1</i>. Groups pick their first player and get started. Monitor progress and make sure that students are tracking their results.</p> <p>5. Once many of the students have built up a considerable amount of interest (approximately 6 turns each), stop the activity. Have each of the teams determine the winners and lead a debriefing exercise.</p> <p>6. Ask how many people had missed payments and link to discussion about credit. Explain that diligence with making payments, size of payments and amount of debt are just some of the information that is monitored by credit agencies. Point out that these agencies keep files on everyone and make them available to potential lenders.</p>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• Who paid the most in credit card interest? Who paid the least? Why was there such a difference?</li><li>• Does this happen in real life?</li><li>• What can you do to reduce the amount you pay in credit card interest?</li></ul>
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<p>13 min 13 min</p>	<p><b>The Impact of Interest Rates</b></p> <ol style="list-style-type: none"><li>1. Ask what the interest rate was for the activity (refer back to <i>Overhead 4.4</i> if necessary). Start a discussion about how interest rates can vary from card to card.</li><li>2. Use <i>Overhead 4.5: Impact of Interest Rates</i> to show that higher interest rates result in paying more interest and having longer pay-back periods.</li><li>3. Distribute <i>Activity Sheet 4.2: Interest Tally Sheet - No. 2</i>. Introduce Interest Activity No. 2 and follow the same approach as before. Point out that each turn represents a new purchase on a</li></ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• Do you think people miss credit card payments?</li><li>• What is the impact of this?</li><li>• Do you think you would have a better credit rating if you paid the monthly balance every month or if you only paid the minimum, had lots of debt and missed regular payments?</li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• According to Equifax (an international credit agency), a poor credit rating can mean paying more in interest, and being unable to obtain a loan or credit card, buy a house, or get the job you want (some employers check credit history).</li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Ask the students what type of card would have a 28% interest rate and discuss how many department stores now offer their own credit cards.</li></ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• How do you get a lower interest rate? <i>Answer: Doing research to find the best card. Some</i></li></ul>
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<p>5 min 4 min</p>	<p>different card and that the interest rates can be different. Help students realize that lower interest rates are available.</p> <p>4. After several rounds, instruct the teams to select the winners. Compare different results and then further discuss the impact of interest rates when using credit cards.</p> <p>5. Discuss the problem of having too much debt and not being able to make payments.</p> <p><b>Defining Success Strategies</b></p> <p>1. Have each of the groups develop a list of success strategies for using credit cards. Monitor progress and then use feedback from the students to make a list of ideas on the board.</p>	<p><i>credit card companies often compete with better rates. Fee-based cards with low interest rates are also available.</i></p> <p><b>Tip:</b></p> <ul style="list-style-type: none"> <li>• Discuss special credit card offers and ask students what might be a potential hazard with them. Explain that introductory offers often only last for a few months and are followed by high interest rates.</li> </ul> <p><b>Ask:</b></p> <ul style="list-style-type: none"> <li>• What is the impact of having a poor credit rating?  <i>Answer: Not being able to get loans and being forced to pay higher interest.</i></li> </ul>
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<p>11 min 0 min</p>	<p><b>Evaluating Risk</b></p> <ol style="list-style-type: none"><li>1. If time permits, expand on the topic of credit ratings by evaluating the risk associated with different scenarios.</li><li>2. Explain that the teams will earn points for correctly guessing whether or not the scenarios have an element of risk.</li><li>3. Distribute <i>Activity Sheet 4.3</i> and have the students tear the sheets along the boxes to create the Yes/No signs.</li><li>4. Explain that you will introduce each of the scenarios and the groups will have 60 seconds to determine if there is a risk associated with the specific situation. Points will be awarded to teams guessing the correct answers.</li><li>5. Have each group select a reporter. Introduce the first scenario using <i>Activity Sheet 4.4: Credit Rating Scenarios</i>. Allow 60 seconds for group discussions and allow more time if needed. Have all groups raise the chosen sign (Yes or No) simultaneously. Have the reporters justify their answers and then announce the correct answer and assign and track points on the board.</li><li>6. Repeat for each scenario. Make sure to have the groups rotate the reporter with each new scenario.</li></ol>	
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<p>5 min 5 min</p>	<p><b>Assessment &amp; Homework Assignment</b></p> <ol style="list-style-type: none"><li>1. Assess student understanding.</li><li>2. Distribute copies of <i>Activity Sheet 4.5</i>. The students will explore how credit cards work by using the on-line Credit Card Calculator at <a href="http://www.schoolroom.ca">www.schoolroom.ca</a> to complete the homework activities. They will also compare different credit card offers and discuss their findings with their parents.</li><li>3. Address questions.</li><li>4. End the class.</li></ol>	<p><b>Ask:</b></p> <ul style="list-style-type: none"><li>• What is a credit rating? <i>Answer: Agencies track your finances &amp; rate you in terms of risk.</i></li><li>• What are simple steps that you can take to build a good credit rating? <i>Answer: Build a good rating by paying bills on time, paying off loans, not having too much debt, etc.</i></li><li>• What are ways to use credit cards wisely? <i>Answer: Pay off monthly or at least make large payments; look for low interest if you will have a balance.</i></li></ul>
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PowerPlay Money Managers™

Lesson Plan 4 : The Credit Game

**Overheads**

# PowerPlay Money Managers™

Lesson Plan 4 : The Credit Game

Overhead 4.1

Title : Calculating Interest

- Purchase = \$1,000
- Annual Interest Rate = 18%

<b>Interest for Month # 1 = Credit Card Balance X Monthly Percentage Rate</b>
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$$= \$1,000 \quad X \quad 18\%/12$$

$$= \$1,000 \quad X \quad 1.5\%$$

<b>Interest for Month # 1 = \$15.00</b>
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# PowerPlay Money Managers™

## Lesson Plan 4 : The Credit Game

Overhead 4.2

Title : How Payments Work

- Purchase = \$1,000
- Monthly Payment = \$200
- Annual Interest Rate = 18%

### Payment Schedule

<b>Month</b>	<b>Payment</b>	<b>Interest Paid</b>	<b>Principal Paid</b>	<b>Remaining Balance</b>
1	\$200.00	\$15.00	\$185.00	\$815.00
2	\$200.00	\$12.22	\$187.78	\$627.22
3	\$200.00	\$9.41	\$190.59	\$436.63
4	\$200.00	\$6.55	\$193.45	\$243.18
5	\$200.00	\$3.65	\$196.35	\$46.83
6	\$47.53	\$0.70	\$46.83	\$0.00

Q. What gets paid first?

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Overhead 4.3

Lesson Plan 4 : The Credit Game

Title : Impact of Higher Payments

- Purchase = \$1,000
- Annual Interest Rate = 18%

<b>Monthly Payment</b>	<b>Total Interest Paid</b>	<b>Number of Months</b>
\$1,000*	\$0	1
\$400	\$28	3
\$200	\$48	6
\$100	\$91	11
\$20	\$862	94

\* Before Grace Period

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## Lesson Plan 4 : The Credit Game

Overhead 4.4

Title : Interest Activity No. 1

- Each turn represents a new purchase.
- Purchase Amounts = \$1,000
- Annual Interest Rate = 18%

### Steps:

- Start with \$0 in interest and no missed payments.
- Roll the die and follow the action below.

### Goal:

- Pay the lowest amount interest and have no missed payments.

Die Roll	Monthly Payment	Action
1	Pay \$1,000	Add \$0 to your total interest
2	Pay \$400	Add \$28 to your total interest
3	Pay \$200	Add \$48 to your total interest
4	Pay \$100	Add \$91 to your total interest
5	Pay \$20 (Minimum)	Add \$862 to your total interest
6	Get 1 missed payment & roll again	

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Overhead 4.5

Lesson Plan 4 : The Credit Game

Title : Impact of Interest Rates

- Purchase = \$1,000
- Monthly Payment = \$50

<b>Annual Interest Rate</b>	<b>Total Interest Paid</b>	<b>Number of Months</b>
4%	\$37	21
10%	\$98	22
18%	\$198	24
28%	\$363	28

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Lesson Plan 4 : The Credit Game

Overhead 4.6

Title : Interest Activity No. 2

- Each turn represents a new purchase.
- Purchase Amounts = \$1,000
- Monthly Payment = \$50

Steps:

- Start with \$0 in interest and no missed payments.
- Roll the die and follow the action below.

Goal:

- Pay the lowest amount interest and have no missed payments.

Die Roll	Credit Card	Interest Rate	Action
1	A	4%	Add \$37 to your total interest
2	B	10%	Add \$98 to your total interest
3	C	18%	Add \$198 to your total interest
4	D	28%	Add \$363 to your total interest
5	Get 1 missed payment & roll again		
6	Get 1 missed payment & roll again		

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Lesson Plan 4 : The Credit Game

**Activity Sheets**



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Activity Sheet 4.1

Interest Tally Sheet - No. 1

## ROUND 1

**Interest Paid**

**Missed  
Payments**

What is the impact of making higher payments?

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Activity Sheet 4.2

Interest Tally Sheet - No. 2

## ROUND 2

**Interest Paid**

**Missed  
Payments**

What is the impact of different interest rates?

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Activity Sheet 4.3

Yes / No Signs

**NO**

**YES**

**NO**

**YES**

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Activity Sheet 4.4

Credit Rating Scenarios

## Scenario 1: Credit Rating

Four years ago, your cell phone service was cancelled because you didn't pay a bill for \$220. Now you are going to apply for a bank loan to buy a car. Should you be concerned about this? Yes or no?

*Answer: Yes. A credit bureau keeps track of your credit history, and financial mistakes can impact future creditors' decisions for 7 years.*

## Scenario 2: Co-signed Car Loan

You purchase a car with your parents acting as co-signer. Two years later you go to the bank to get a loan. You are confident that the bank will be happy to have you as a client. Will having a co-signer in the past help you now?

*Answer: No. A co-signed loan does not help you build credit. Unless you have established credit in some other way, the bank may refuse your loan.*

## Scenario 3: Declaring Bankruptcy

You are feeling overwhelmed with the amount of debt you have and based on a friend's suggestion you declare bankruptcy. Four years later you have a high-paying full-time job and no debt. You decide to apply for a loan to buy a new car.

Will your past mistakes impact your ability to get a loan?

*Answer: Yes. It takes 7 years to clear your credit history after bankruptcy.*

## Credit Rating Summary:

- Ask:**
- **Why is it important to have a good credit rating?**
  - **How do you build good credit?**

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Activity Sheet 4.5/1

My First Credit Card

Name: \_\_\_\_\_ Section: \_\_\_\_\_

1. Imagine you purchased an MP3 Player using your new credit card. The purchase price was \$500 and you paid \$50 each month until the card was paid off. Go to [www.schoolroom.ca](http://www.schoolroom.ca) and use the Credit Card Calculator in the Student Zone to determine the total amount of interest that you would pay if your card had an Annual Interest Rate of 18%. Repeat your calculations for 5%, 10% and 28%.

2. What is the impact of different interest rates?

3. You decided to use your credit card for a ski trip and charged \$2,000. You then decided to pay the required minimum payment of 3% each month until your card was paid off. How many months would it take to pay off the card if you had an Annual Interest Rate of 16%? What is the total interest that you would pay? Repeat these calculations using a monthly payment of \$350.

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Activity Sheet 4.5/2

My First Credit Card

4. What is the impact of paying only the minimum payment?

5. Research three different credit cards. Use web sites and brochures or talk with your parents or local credit union to determine the following information:

	Card 1	Card 2	Card 3
Annual Interest Rate			
Annual Fee			
Minimum Payment Percentage			
Grace Period			
Other Fees			
Special Features			

Which card would you choose and why?

6. Talk with your parents about credit cards and make a list of success strategies for using them.

7. Parent Signature:

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Activity Sheet 4.6/1

My First Credit Card - Answers

Name: \_\_\_\_\_ Section: \_\_\_\_\_

1. Imagine you purchased an MP3 Player using your new credit card. The purchase price was \$500 and you paid \$50 each month until the card was paid off. Go to [www.schoolroom.ca](http://www.schoolroom.ca) and use the Credit Card Calculator in the Student Zone to determine the total amount of interest that you would pay if your card had an Annual Interest Rate of 18%. Repeat your calculations for 5%, 10% and 28%.

*Answers: 18% - \$45.82 in interest*

*5% - \$11.79*

*10% - \$24.29*

*28% - \$76.13*

2. What is the impact of different interest rates?

*Answer: Higher interest rates lead to more interest being paid.*

3. You decided to use your credit card for a ski trip and charged \$2,000. You then decided to pay the required minimum payment of 3% each month until your card was paid off. How many months would it take to pay off the card if you had an Annual Interest Rate of 16%? What is the total interest that you would pay? Repeat these calculations using a monthly payment of \$350.

*Answers: With a minimum monthly payment of \$60, it would take 45 months to pay off the card and the total interest would be \$662.73. With a \$350 monthly payment, it would take 6 months to pay off the card and the total interest would be \$94.18.*

# PowerPlay Money Managers™

Activity Sheet 4.6/2

My First Credit Card - Answers

4. What is the impact of paying only the minimum payment?

*Answer: It takes much longer to pay off the card and you pay a lot more in interest.*

5. Research three different credit cards. Use web sites and brochures or talk with your parents or local credit union to determine the following information:

	Card 1	Card 2	Card 3
Annual Interest Rate			
Annual Fee			
Minimum Payment Percentage			
Grace Period			
Other Fees			
Special Features			

Which card would you choose and why?

6. Talk with your parents about credit cards and make a list of success strategies for using them.

7. Parent Signature:



# PowerPlay Money Managers™

Teacher's Manual

Lesson Plan 5 : Planning - Putting it all Together



## PowerPlay Money Managers™ – British Columbia Edition

ISBN 978-0-9780028-2-4

Second Edition 2011

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Published in Canada by  
PowerPlay Strategies Incorporated  
PO Box 45034, Ocean Park RPO  
Surrey, British Columbia  
V4A 9L1

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# Lesson Plan 5: Planning - Putting it all Together

## Overview

Students have the opportunity to apply the material from the first four lesson plans in this comprehensive planning activity. Over a period of several classes they will research real-life expenses for a high school graduate. Small groups will be responsible for determining realistic costs for different expense categories and will then present their findings to the class. Individual students will use the research from all the groups to create their own budgets and financial plans for their first year after high school (ideal for the requirements defined by the Program Guide for Graduation Transitions).

The lesson plan starts with a class discussion where students attempt to define a budget. All responses are recorded on the board and then the following formula is introduced to the class:

$$\text{MONEY IN} - \text{MONEY OUT} = 0.$$

Students will be expected to use this formula to balance their budgets later.

The budget project offers numerous opportunities for meaningful parental involvement. Students are expected to discuss their post-graduation plans with their parents to ensure that their budgets are realistic.

An additional activity, The Risk Game, may be offered in this session or at a later date. Students tap into their critical thinking abilities to evaluate the risk level associated with various real-life scenarios. In small groups, the students discuss and present their opinions, evaluate solutions and have the opportunity to formulate steps for reducing potential risks.

## Key Objectives:

At the end of this class, students will be able to:

- Define a budget and identify various income and expense categories.
- Discuss their own plans and budgets for their first year after high school.

## Teacher Preparation:

1. Review the lesson plan outline and be comfortable with presentation and procedure. Do not attempt to memorize the material. Select your own words and speak from the heart.
2. Customize the Activity Sheets for the Budget Project so that the students are researching educational institutions that are appropriate for your geographic area. For example, Lower Mainland teachers may choose to have students research the following options: UBC, SFU, UVic, Kwantlen College, Capilano College and BCIT. Complete the appropriate spaces on Activity Sheets 5.3 a, c & d.
3. Assemble materials for Lesson Plan 5. (If necessary, photocopy materials and prepare overheads using the black-lined masters.)

## Materials:

Item	Quantity
Overheads: <ul style="list-style-type: none"> <li>• 5.1 Levels of Risk / Cost</li> </ul>	1
Activity Sheets: <ul style="list-style-type: none"> <li>• 5.1 Risk / Cost Signs</li> <li>• 5.2 Risk Scenarios (3 pages)</li> <li>• 5.3 a, b, c, d, &amp; e The Budget Project</li> <li>• 5.4 My Financial Plan (11 pages) (to be distributed in a later class) See Note 1</li> </ul>	1 per group of 5 or 6 students + 2 extra 1 set (for teacher reference) 1 each per student in the respective small groups + 2 extra 1 set per student + 2 extra

Note 1 - Activity Sheet 5.4: My Financial Plan can also be downloaded by students on the Student Zone at [www.schoolroom.ca](http://www.schoolroom.ca).

## Overview of Homework Assignment:

The following homework activities will be assigned in this class:

1. Part 1: The students will work in small groups to complete research for a variety of real-life expenses. Each group will be expected to support their findings with evidence, prepare a presentation for the class and prepare a one-page summary of all their expenses.
2. Part 2: The students will then develop their own financial plans and personal budgets based on the research from the group project. This will involve discussing their own career and education goals with their parents.



## Lesson Plan 5 – Teaching Notes

Time	Activity	Suggested Dialogue & Tips
55 min 40 min	<p><b>The Budget Project</b></p> <ol style="list-style-type: none"> <li>1. Welcome the class and review homework from Lesson Plan 4.</li> <li>2. Have the students clear their desks. Organize into groups of 5-6.</li> <li>3. Write 'Budget' on the board and ask the class to define this term. Encourage full participation and record answers on the board. Really stretch the students and fill up the board.</li> <li>4. After a detailed discussion, introduce the following formula:   <math display="block">\text{Money In} - \text{Money Out} = 0.</math> <p>Explain to students that when you create a budget, all money must be accounted for.</p> </li> <li>5. Explain to the class that they will be researching realistic expenses for the first year after high school. Distribute the Budget Project Activity Sheets to each of the small groups. Point out that each group has a different sheet and will be responsible for researching different expenses.</li> <li>6. Circulate through the groups and explain to the class what each group will be researching. Have a class discussion to further define expectations for each group.</li> </ol>	<p><b>Tip:</b></p> <ul style="list-style-type: none"> <li>• You can have the students add extra expectations (or clarifications) for the different groups. This will help make the research even more relevant to your class.</li> </ul>

	<p>7. Make sure everyone is clear about expectations and explain that each group must support their research with evidence (e.g., computer print-outs, brochures, notes about telephone discussions), create a presentation for the class and prepare a one-page summary sheet for every student in the class.</p> <p>8. Allow time for small groups to review their projects and assign tasks to individual students.</p> <p>9. Check to make sure all groups are on track.</p> <p>10. Quickly review.</p>	<ul style="list-style-type: none"><li>• With Group 2, lead a class discussion to identify some of the surprise expenses that young adults might encounter (e.g., speeding tickets, dental work, paying the deductible on an insurance policy or an unexpected trip). The Risk Game also challenges students to consider potential budgeting challenges.</li><li>• Point out that research must be relevant to high school graduates who find work and those who continue their education.</li><li>• Typical expenses for males and females must be included.</li><li>• Different price levels must be considered.</li></ul>
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15 min	<b>The Risk Game</b> <ol style="list-style-type: none"><li>1. If time permits, play the Risk Game to introduce potential challenges that young adults may encounter with their budgets.</li><li>2. Explain that the groups will be competing in a game today. Points will be awarded each time a group correctly guesses the level of risk associated with a variety of different scenarios.</li><li>3. Distribute <i>Activity Sheet 5.1</i> and have the students tear the sheets along the boxes to create Risk/Cost Level and Yes/No signs.</li><li>4. Explain that you will introduce each of the scenarios and the groups will have 60 seconds to determine the level of risk associated with the specific situation. Points will be awarded to teams guessing the correct risk level.</li></ol>	<b>Tip:</b> <ul style="list-style-type: none"><li>• Use this activity to illustrate the importance of considering hidden costs, planning for emergencies and being thorough.</li></ul> <b>Tip:</b> <ul style="list-style-type: none"><li>• You can also save time by preparing the signs before class.</li></ul>
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<p>5. Have each group select a reporter. Introduce the first scenario using <i>Activity Sheet 5.2: Risk Scenarios</i>. Allow 60 seconds for group discussions and allow more time if needed. Have all groups raise the chosen Risk Level sign simultaneously. Have the reporters justify their answers and then announce the correct Risk Level. Assign and track points on the board.</p> <p>6. Use the discussion topics at the end of the scenarios to further build awareness and reinforce learning.</p> <p>7. Repeat for each scenario. Make sure to have the groups rotate the reporter with each new scenario.</p>	<p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Keep this class moving quickly to maintain student interest.</li></ul> <p><b>Tip:</b></p> <ul style="list-style-type: none"><li>• Add excitement by giving bonus points when a group gives an excellent answer.</li></ul>
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<p>5 min 5 min</p>	<p><b>Assessment &amp; Homework Assignment</b></p> <ol style="list-style-type: none"> <li>1. Assess student understanding by making sure that all groups understand the expectations of the project.</li> <li>2. The students will work in small groups to complete research for a variety of real-life expenses. They will be expected to support their findings with evidence, prepare a presentation for the class and prepare a one-page summary of all their expenses.</li> <li>3. Address any questions.</li> <li>4. End the class.</li> </ol>	<p><b>Tip:</b></p> <ul style="list-style-type: none"> <li>• Ask students to define a budget &amp; give examples of real-life expense and income categories.</li> <li>• The group presentations, one-page summaries and individual financial plans and budgets will also act as excellent assessment tools.</li> </ul>
	<p><b>Extra Class Time</b></p> <ul style="list-style-type: none"> <li>• Allow 1 – 2 classes for students to work on their research in class.</li> <li>• Allow an additional 1 - 2 classes for group presentations.</li> <li>• Once the group project is completed, class time will be required to introduce the My Financial Plan Project, distribute the related activity sheets and explain the expectations with the assignment.</li> <li>• Play the Risk Game if it wasn't covered in this class.</li> </ul>	<p><b>Tip:</b></p> <ul style="list-style-type: none"> <li>• Make sure students understand that they are expected to include detailed explanations for their income and expense entries in their financial plans. They must also show proof of their research.</li> </ul>

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Lesson Plan 5 : Planning - Putting it all Together

**Overheads**

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Overhead 5.1

Session : The Risk Game

Title : Levels of Risk / Cost

- No Risk/Cost
- Low: < \$ 250
- Medium: \$ 250 – 1,000
- High: > \$ 1,000

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**Activity Sheets**

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Activity Sheet 5.1

Risk / Cost Signs

<b>NO RISK/COST</b>	<b>LOW RISK/COST</b>
<b>MEDIUM RISK/COST</b>	<b>HIGH RISK/COST</b>
<b>NO</b>	<b>YES</b>

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Activity Sheet 5.2/1

Risk Scenarios

## Scenario 1: Speeding Ticket - Cost

You are issued a speeding ticket in a school zone, but you are not too concerned because you were only driving 52 km/hr.

Determine the level of financial risk with this situation.

*Answer: MEDIUM. If you drive over 21 km above the posted speed limit of 30 km, you will receive a ticket for \$263.*

(Point out that there are high safety risks associated with this driving behavior!)

Discussion Topics: Unexpected Expenses

## Scenario 2: Tenant Insurance

You are renting your first condo. Three weeks after you move in, you leave the water running in the kitchen while you answer the phone. You've had a great chat with your best friend – you've caught up on all the latest news in less than an hour and a half! Unfortunately, your sink has overflowed, and you have water damage to both your condo and the unit below you. You're not worried because the condo owners have insurance.

What is your level of risk?

*Answer: HIGH. Unless you have purchased Tenant Liability Insurance, you will be responsible for covering the damages to both units and you could be on the hook for thousands of dollars. The condo owners' insurance may cover the claim up front if you don't have the money, but you could have a lump sum amount automatically removed from your bank account until the debt is paid off.*

Discussion Topics: Other Types of Insurance, How Insurance Works

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Activity Sheet 5.2/2

Risk Scenarios

## Scenario 3: Car Insurance – Type of Use

When you purchased your car insurance, you based it on driving to and from work. Now you have a new job that requires you to use your vehicle to deliver merchandise to customers.

If you have a car accident, what is your level of risk?

*Answer: HIGH. There is one rate class for business and another one for driving your car to and from work. Even though you are paying for insurance, ICBC can choose not to cover you because you do not have the appropriate type of insurance.*

Note: The cost difference between these two rate classes is only a few dollars a month!

## Scenario 4: Car Insurance – Type of Coverage

Three months ago you purchased your first new car and a Limited Depreciation Insurance Policy. Your car is stolen and your friend tells you that ICBC will pay you the purchase price of your car. He says that your car has depreciated and that they will only pay you the reduced amount. You are worried because you know that cars depreciate as soon as you leave the dealership.

Should you worry? Yes or No?

*Answer: NO. If you didn't have a Limited Depreciation Policy, your friend would be right. ICBC would only cover your car up to the depreciated amount. New cars can depreciate thousands of dollars in their first year and therefore you could potentially lose a lot of money. You have that type of policy though so you are safe. ICBC will replace your car.*



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Activity Sheet 5.2/3

Risk Scenarios

## Scenario 5: Speeding Tickets – Cost of Insurance

You have 2 unpaid tickets and you are now going to renew your car insurance. You are worried that the tickets will increase the insurance costs. Should you worry? Yes or No?

*Answer: NO. Speeding tickets do not impact your insurance rates. You may, however, have to pay them before renewing your driver's license.*

## Scenario 6: Smoky Suite

You have your own suite and have an insurance package that includes Tenant's Liability and Fire Insurance. A small fire in your suite results in \$2,000 in damages.

What is your risk? No risk, low, medium or high?

*Answer: MEDIUM. The insurance company pays for the damages, but you have to pay a deductible. This often starts at \$500.*

## Insurance Summary:

### Ask:

- **What is the value of insurance?**
- **What types of insurance do you need as a young adult?**
- **What are some things that you need to consider when buying insurance? Ans. Deductibles, what is covered, cost, etc.**

# PowerPlay Money Managers™

Activity Sheet 5.3 a

The Budget Project

Name: \_\_\_\_\_ Section: \_\_\_\_\_

## Group 1: Education

Research the living expenses for a first year student at university or college. Your group is responsible for determining the costs for:

1. Tuition & Fees (including books and supplies) for the first year.  
You must consider the following schools:

\_\_\_\_\_.

2. Parking passes for these locations.
3. A new computer.

Access information from flyers, check out websites or visit local stores after school.

Divide the tasks between your group members and plan how you will complete your project.

Once you have completed your research, you must prepare a presentation for the class and a one-page summary that will be distributed to other students. You must also submit your research to demonstrate how you found your costs (e.g., print-outs, flyers, notes about telephone conversations).

# PowerPlay Money Managers™

Activity Sheet 5.3 b

The Budget Project

Name: \_\_\_\_\_ Section: \_\_\_\_\_

## **Group 2: Clothing, Personal Items & Surprises**

Research the living expenses for a first year student at university or college. Your group is responsible for determining the costs for both males and females for the following categories:

1. Clothing – Show low, medium and high-cost alternatives. Include typical items that students would purchase over a one year period.
2. Toiletries – Include typical items and estimate how many of each would be needed over a full year.
3. Hair Cuts – Make sure to cover a variety of different services. Show two different levels of cost.
4. Surprises – Select 4 different unexpected expense items that young adults may encounter and research the costs associated with each one.

Use flyers, check out websites or visit local stores after school.

Divide the tasks between your group members and plan how you will complete your project.

Once you have completed your research, you must prepare a presentation for the class and a one-page summary that will be distributed to other students. You must also submit your research to demonstrate how you found your costs (e.g., print-outs, flyers, notes about telephone conversations).

# PowerPlay Money Managers™

Activity Sheet 5.3 c

The Budget Project

Name: \_\_\_\_\_ Section: \_\_\_\_\_

## Group 3: Shelter/Housing & Communications

Research the living expenses for a first year student at university or college. Your group is responsible for determining the costs for Shelter/Housing to live on campus or off campus (e.g., renting a suite).

You must consider the following schools:

\_\_\_\_\_.

Include the cost for meal plans when living on campus.

You must also determine the costs for:

1. A cell phone.
2. Internet.
3. A telephone.

Use newspapers and flyers, check out websites or visit local stores after school.

Divide the tasks between your group members and plan how you will complete your project.

Once you have completed your research, you must prepare a presentation for the class and a one-page summary that will be distributed to other students. You must also submit your research to demonstrate how you found your costs (e.g., print-outs, flyers, notes about telephone conversations).

# PowerPlay Money Managers™

Activity Sheet 5.3 d

The Budget Project

Name: \_\_\_\_\_ Section: \_\_\_\_\_

## Group 4: Transportation

Research the living expenses for a first year student at university or college. Your group is responsible for determining the costs for Transportation. You must consider the following schools:

\_\_\_\_\_.

The following options must be included in your research:

1. A used automobile – provide three different options and include costs for loan payment, gas, insurance, maintenance. (Hint: Use the Loan Calculator at [www.schoolroom.ca](http://www.schoolroom.ca) to calculate loan payments & use an average of 18,000 km/yr for the gas calculation.)
2. Travel (e.g., for Lower Mainland students taking ferries to UVic).
3. Transit (Adult Pass, 2 Zone).

Use flyers, check websites or visit local stores after school.

Divide the tasks between your group members and plan how you will complete your project.

Once you have completed your research, you must prepare a presentation for the class and a one-page summary that will be distributed to other students. You must also submit your research to demonstrate how you found your costs (e.g., print-outs, flyers, notes about telephone conversations).

# PowerPlay Money Managers™

Activity Sheet 5.3 e

The Budget Project

Name: \_\_\_\_\_ Section: \_\_\_\_\_

## Group 5: Food and Recreation

Research the living expenses for a first year student at university or college. Your group is responsible for determining the costs for:

1. Food for a student living off campus (e.g., renting a suite). Create a healthy and balanced meal plan for one week. Research the costs and estimate how much food would cost for one year (based on that meal plan).
2. Eating Out. Show the costs for 3 typical meals that a student would buy.
3. Recreation – Research the costs of at least three forms of recreation and three hobbies for students. Make sure to cover all expenses for these activities.

Use flyers, check out websites or visit local stores after school.

Divide the tasks between your group members and plan how you will complete your project.

Once you have completed your research, you must prepare a presentation for the class and a one-page summary that will be distributed to other students. You must also submit your research to demonstrate how you found your costs (e.g., print-outs, flyers, notes about telephone conversations).

# PowerPlay Money Managers™

Activity Sheet 5.4

My Financial Plan

1

Name: \_\_\_\_\_ Section: \_\_\_\_\_

## PART A: MY GOALS

*Step 1:* Define your long-term career, personal and financial goals.

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*Step 2:* What steps will you take now or during your first year after high school in order to achieve your goals? List the steps for each of the following areas that are relevant to you:

Education/Training \_\_\_\_\_

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Work/Employment \_\_\_\_\_

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Entrepreneurial/Business \_\_\_\_\_

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Saving/Investment \_\_\_\_\_

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# PowerPlay Money Managers™

Activity Sheet 5.4

My Financial Plan

2

## PART B: MY FINANCIAL START

*Step 1:* What assets do you expect to have when you finish high school?

- Savings/Investments\_\_\_\_\_
- RESP \_\_\_\_\_
- Scholarships & Bursaries\_\_\_\_\_
- Family Support \_\_\_\_\_
- Other\_\_\_\_\_

*Step 2:* List any liabilities/debts that you anticipate having at the end of high school.

- Car loan \_\_\_\_\_
- Other bank or credit union loans \_\_\_\_\_
- Credit cards balances\_\_\_\_\_
- Other personal debts \_\_\_\_\_



# PowerPlay Money Managers™

Activity Sheet 5.4

My Financial Plan

3

## PART C: MY PERSONAL BUDGET

*Step 1:* Consider your plans after high school and describe what your life will look like. What will your expenses be? Where will you live? What type of transportation will you use? What is your anticipated life style? Talk with your parents and get their input.

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*Step 2:* Create your own budget for the first year after high school using the class research reports from the Budget Project. Complete the Annual Expense Table on page 5. Only include budget items that are relevant to you and submit your research, assumptions and calculations for each one.

*Step 3:* Calculate the subtotals for each expense category and transfer this information to the Total Annual Expenses box on page 6. You can also input your information into the Personal Budget Calculator at [www.schoolroom.ca](http://www.schoolroom.ca) and the totals will be calculated automatically.

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Activity Sheet 5.4

My Financial Plan

4

## **PART C: MY PERSONAL BUDGET** *Cont'd*

*Step 4:* What are your strategies for funding your education and career goals? You will have to anticipate where you will get the money to cover your expenses during the first year after high school. Will you use your assets, earn extra money or get student loans? (You may have to get money from a variety of sources.) Talk with your parents/guardians to make sure your assumptions are realistic.

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*Step 5:* Complete the Total Annual Income box on page 6 (or key information at [www.schoolroom.ca](http://www.schoolroom.ca)) and submit your research, assumptions and calculations for each entry.

*Step 6:* Make sure your budget is balanced by checking to see that:  
Total Income – Total Expenses = 0.

If so, go to Step 7. If not, go to PART D.

*Step 7:* Finalize your information in the Personal Budget Calculator at [www.schoolroom.ca](http://www.schoolroom.ca) and print your final copy.

# PowerPlay Money Managers™

Activity Sheet 5.4

My Financial Plan

5

## PART C: MY PERSONAL BUDGET *Cont'd*

### Total Annual Expenses

Transportation		Education	
• Auto Loan		• Tuition & Fees	
• Gas		• Books	
• Maintenance		• Computer	
• Insurance		• Parking	
• Public Transit			
• Ferries			
<b>Subtotal 1</b>		<b>Subtotal 2</b>	
Food & Personal Expenses		Communications	
• Groceries		• Telephone	
• On-campus Food Plan		• Cell Phone	
• Clothing		• Internet	
• Toiletries			
• Haircuts			
<b>Subtotal 3</b>		<b>Subtotal 4</b>	
Shelter/Housing		Entertainment & Recreation	
• Rent & Utilities		• Entertainment	
• On-campus Living		• Hobbies	
• Insurance			
<b>Subtotal 5</b>		<b>Subtotal 6</b>	
Other		Savings/Investments	
• Gifts & Donations		•	
• Payments on Debt		•	
• Miscellaneous			
• Emergencies			
<b>Subtotal 7</b>		<b>Subtotal 8</b>	

# PowerPlay Money Managers™

Activity Sheet 5.4

My Financial Plan

6

## PART C: MY PERSONAL BUDGET *Cont'd*

Total Annual Income		Total Annual Expenses	
• Summer Job		• Transportation	
• Part-time Job		• Education	
• Loan		• Food & Personal Expenses	
• RESP		• Communications	
• Scholarships & Bursaries		• Shelter/Housing	
• Family Support		• Entertainment & Recreation	
• Savings/Investments		• Other	
• Other		• Savings/Investments	
<b>TOTAL</b>		<b>TOTAL</b>	

Summary Table		
<b>Does your Total Income – Total Expenses = Zero?</b>		
Total Income	Total Expenses	Difference

## PART D: MAKING ADJUSTMENTS

*Step 1:* If your expenses are greater than your income, you will need to make the necessary adjustments by finding ways to increase your income or decrease your expenses. For example, other ways to offset education costs are through co-operative education, military programs, sponsorship, and apprenticeship. What methods will you use?

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*Step 2:* If you have more income than expenses, then consider adding to your savings/investments. What will you do with extra cash?

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# PowerPlay Money Managers™

Activity Sheet 5.4

My Financial Plan

8

## PART E: SETTING DEADLINES

List the key deadlines that you will have to meet in order to achieve your goals.

- **Apply to Educational Institutions:**

Institution	Deadline
1. _____	_____
2. _____	_____
3. _____	_____

- **Apply for Scholarships/Bursaries:**

Scholarship/Bursary	Deadline
1. _____	_____
2. _____	_____
3. _____	_____

- **Apply for Loans:**

Type	Deadline
1. _____	_____
2. _____	_____

- **Apply for Business Grant:**

Name of Grant	Deadline
1. _____	_____
2. _____	_____

- **Other Important Deadlines:**

	Deadline
1. _____	_____
2. _____	_____
3. _____	_____

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Activity Sheet 5.4

My Financial Plan

9

## PART F: SUCCESS STRATEGIES

An important step in planning for success is preparing for challenges you may face as you work towards your goals.

- What are your strategies for building a strong credit rating?

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- What are some tips for using credit cards?

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- Why is it important to pay yourself first by investing a small percentage of your income before spending it?

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- Where should you go to get investment advice? When should you start investing?

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- Is insurance important and why?

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- What would you do if you do not have enough money for education?

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# PowerPlay Money Managers™

Activity Sheet 5.4

My Financial Plan

10

## **PART F: SUCCESS STRATEGIES** *Cont'd*

- How will you deal with unexpected expenses?

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- What would you do if you lost your part-time job or were unable to find summer employment?

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- What are some other challenges that you may encounter and how will you be prepared to handle them?

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## **PART G: MY RESOURCES**

List the resources that you can use.

- School Counsellor \_\_\_\_\_
- Career Centre \_\_\_\_\_
- Mentors \_\_\_\_\_
- Relatives \_\_\_\_\_
- Friends \_\_\_\_\_
- Community Organizations \_\_\_\_\_
- Financial Advisor \_\_\_\_\_
- Bank or Credit Union \_\_\_\_\_
- Websites \_\_\_\_\_
- Other \_\_\_\_\_



# PowerPlay Money Managers™

Activity Sheet 5.4

My Financial Plan

11

## **PART H: PARENT FEEDBACK**

Have your parents / guardians review your Financial Plan and sign the box below:

Parent/Guardian Signature:

Parent/Guardian Signature:

## Glossary

### account

- a formal relationship with a financial institution that allows you to deposit, withdraw or invest your money.

### account statement

- a report of all transactions in an account over a period of time.

### annual fee

- a set fee that some credit card companies charge you for using their services.

### apprenticeship

- an arrangement where someone works for an expert or organization (usually for free or at a very low wage) in order to learn from them and gain experience.

### assets

- things you own that are worth money.

### balance

- 1. the amount of money that you either own or owe after transactions have been applied to your account.
- 2. to make even or be equal on all sides.

### balanced budget

- a budget in which the income is equal to the expenses.

### bank

- a financial institution where you can deposit, withdraw, invest and borrow money. Banks are businesses owned by shareholders.

### bankruptcy

- a legal process that allows a person to be released from all their debts if they cannot pay. Declaring bankruptcy is a last resort – it carries huge financial risks for the future.

### budget

- an estimate of income and expenses for a specific period of time.

### bursary

- money given to students for post-secondary studies. Bursaries are often based on financial need.

### co-operative education

- an arrangement where students gain real-life job experience in a field that interests them, while earning school credits.

### compound interest

- interest that you earn from your original investment, as well as on the interest it has earned over time.

### co-signer

- someone who agrees to accept responsibility for your debts if you cannot pay.

### credit

- money that somebody lends you, trusting that you will pay it back later, and with the understanding that you will also pay interest.

### credit bureau

- an organization that keeps track of your credit history and sells this information to possible lenders.

### credit card

- a card that lets you use a financial institution's money (up to a predefined limit) to purchase things. The financial institution pays the supplier and you repay the financial institution (with interest if there is still money owing at the end of a grace period).

**credit check**

- a review of your credit history.

**credit rating**

- a summary of your credit-related history that shows possible lenders how much you have borrowed from others, and how dependable you have been in paying them back. If you have a poor rating it will be more difficult to get credit or loans.

**credit union**

- a co-operative financial institution where you can deposit, withdraw, invest or borrow money. Credit unions are non-profit organizations that are owned and run by their members.

**creditor**

- an organization or person that lends you money.

**debt**

- money you owe to others.

**deductible**

- in an insurance claim, the amount of money you have to pay before the insurance company will pay for the rest.

**depreciation**

- a decrease in the value of something.

**disposable income**

- money you have (after taxes) for spending and saving.

**down payment**

- a portion of the total price that is paid up front, with the expectation to pay the rest later or over time.

**entrepreneurial**

- when a person has started his/her own business.

**expenses**

- things that cost you money.

**financial**

- having to do with money or money management.

**financial advisor**

- an expert who gives advice about investments.

**financial freedom**

- having enough money invested that you could cover all your expenses for your desired lifestyle from the interest earned from your investments.

**financial plan**

- a plan for growing and managing your money in order to achieve your goals.

**financing**

- paying for something, often over time.

**goal**

- something you want to achieve.

**grace period**

- a period of time during which you are not charged interest on your credit card debt.

**G.S.T. (Good and Services Tax)**

- a federal tax applied to most goods and services in Canada.

**in trust account**

- an investment or savings account that one person opens on behalf of another, who will receive the money at a later date.

**income**

- all the money that you receive or earn.

**inflation**

- an increase in the cost of goods and services, or a loss in the value of money over time.

**insurance**

- an agreement with an insurance company that protects you from sudden huge expenses if something bad happens (e.g., house fire, car accident, illness). You pay the company a small amount every month and they agree to cover all or some of the costs if necessary.

**ICBC**

- Insurance Corporation of British Columbia. In B.C., we buy our car insurance from them.

**income tax**

- a portion of your earned income that you must pay to the provincial and federal governments to cover public services.

**interest**

- the amount of money that is charged for the use of credit or money. It is paid by the borrower to the lender.

**interest rate**

- the percentage of the amount borrowed that must be paid for the use of credit or money.

**investments**

- something you put your money into with the intention of making more money.

**liability**

- 1. insurance: responsibility for harm to a person or damage to their property, through carelessness or by accident.
- 2. finances: money that you owe to others.

**Limited Depreciation Policy**

- an automobile insurance policy, offered in BC for newer vehicles, in which depreciation is not considered when settling a claim within the first year of the policy. This increases the amount of money you would receive for claims.

**loan**

- money that somebody lends you and expects you to pay back by a certain date, often paid in installments, and usually with interest.

**minimum payment**

- the minimum monthly amount that you must pay towards your credit card debt.

**minimum wage**

- the lowest hourly wage that a company is allowed to pay their workers. Each province has its own minimum wage.

**mutual fund**

- an investment product in which money from many people is pooled and invested by a professional money manager.

**needs**

- things that are necessary in life (and you would suffer physically without them), such as food, shelter, clothing, heat and medical care (also see 'wants').

**odd jobs**

- various, occasional, short-term jobs.

**paying yourself first**

- investing a set percentage of your income every month before you start spending.

**P.S.T. (Provincial Sales Tax)**

- a provincial tax charged on the sale of goods and services in many provinces in Canada.

**rate class**

- the car insurance category that determines how much you will have to pay, based on how you use your car (for pleasure, school, work).

**RESP**

- Registered Education Savings Plan. This is a savings plan the Canadian Government sponsors for post-secondary education. Investors save on their taxes, and the government also contributes to the fund.

**risk**

- the chance of financial loss or negative outcome.

**rule of 72**

- a math formula to estimate how many years it will take for an investment to double. Divide the annual interest rate into 72 to get the approximate number of years.

**scholarship**

- money given to students for furthering their education. Scholarships can be based on academic achievement, financial need, or other factors such as community involvement.

**share certificate**

- a certificate representing ownership of stock in a company.

**shareholder**

- a person who owns shares in a company.

**stock**

- a portion of ownership in a company.

**Tenant Liability Insurance**

- an insurance policy that protects you from having to cover all the costs for significant damage to a property that you are renting.

**term**

- a period of time (usually to pay back a loan).

**values**

- what you believe in; what is important to you in life.

**variable expenses**

- costs that vary in amount from time to time.

**wants**

- things you would like to have, but would not suffer without.