

YOUR FINANCIAL ROAD MAP: WHERE DO YOU WANT TO GO?

DAY: 4

TITLE: YOUR FINANCIAL ROAD MAP: Life's Choices – Where to Live and What to Drive

TARGET COMPETENCY: Develop knowledge necessary to interpret, evaluate and manage the challenges of living on your own – specifically, finding and buying a car and renting an apartment

OBJECTIVES:

- List some of the costs of owning and operating a car
- Determine how much you can afford to pay for a car, based on a given budget
- Understand some of the factors to consider when shopping for a car loan
- Set up a budget that includes rent, moving expenses and expenses associated with setting up a household.
- Understand the rights and legal responsibilities of a tenant
- Read and interpret various clauses of a lease

HANDOUTS/MATERIALS

- **Practical Money Skills for Life**
 - https://www.practicalmoneyskills.com/foreducators/lesson_plans/teens.php
 - Lesson 5 – Living on Your Own
 - Lesson 9 – Cars and Loans
- Handout: Millionaire Quiz
- May need a loan calculator for an in-class exercise

LESSON SUMMARY:

Each day, we are faced with many decisions. While most decisions are simple, such as “what should I eat for lunch?” others are more complex, such as “should I buy a new or used car?” or “should I get a roommate?”

This lesson provides students with an opportunity to learn more about decision-making, especially the economic influences that can impact their choices. The topics will focus on two major decisions facing young adults: moving away from home and purchasing their first car. Students will be asked to identify costs associated with owning and operating a car. In addition, they will be introduced to the challenges of living on their own, such as deciding where and with whom to live, how to read a lease, how to determine variable from fixed expenses, and how to read a lease.

LESSON OUTLINE:

MINUTES	CONTENT
<p>10</p>	<p>Millionaire Quiz</p> <p>Who want to be a millionaire? Have students raise their hands. Who doesn't, right?! Today's lesson is about making thoughtful choices about preparing to live on your own. Making wise decisions early in your financial life can set a path of economic self-sufficiency and security in your later life. Conversely, decisions you make now (or don't make) can have ramifications long after they occurred. Let's take the quiz about millionaires...you might be surprised by the answers.</p> <p>Place True and False signs on opposite sides of the classroom. Ask each question on the Millionaire Quiz and ask students to move to the answer they think is correct. Ask a volunteer or two from why they chose their answers, and then provide the correct answer. When you completed the list, students can return to their seats. Ask them if what surprised them about the answers.</p>
<p>20</p>	<p>Owning A Car</p> <p>Follow Practical Money Skills - Lesson 9 for this topic. Teachers Guide, PowerPoint Slides, and handouts are available at: https://www.practicalmoneyskills.com/foreducators/lesson_plans/teens.php</p> <p>Discuss the following key elements of car ownership:</p> <ul style="list-style-type: none"> ● Costs of Owning and Operating A Car ● Determining How Much You Can Afford ● Shopping for A Car ● Warranties and Service Contracts ● Shopping for A Loan ● Insurance <p>Activity: Break into to groups of 2 or 3 and complete the <i>How Much Would You Spend</i> worksheet. There are two different scenarios; provide half the groups with Rose's scenario and the other half with Manuel's. Ask for volunteers to report out their results. (Students may need access to a loan calculator to complete this exercise. You may want to assign this as homework to enable students to easily access the internet).</p>
<p>20</p>	<p>Moving Out!</p> <p>Follow Practical Money Skills - Lesson 4 for this topic. Teachers Guide,</p>

	<p>PowerPoint Slides, and handouts are available at: https://www.practicalmoneyskills.com/foreducators/lesson_plans/teens.php</p> <p>Discuss the following issues of living on your own:</p> <ul style="list-style-type: none"> • The Costs of Living on Your Own • The Costs of Moving • Pros And Cons of Having A Roommate • Reviewing a Lease/Rental Agreement <p>Activity: Break into to groups of 2 or 3 and complete the <i>Would You Sign This Lease</i> worksheet. There are two different examples (a lease and a rental agreement). Distribute the worksheets evenly. When student groups have completed the worksheets, review the answers together as a class.</p>
5	<p>Assessment</p> <p>Answer True or False to these statements:</p> <ul style="list-style-type: none"> • Most uses cars sold by a private parties have a one-year warranty. • A service contract is designed to avoid costly repairs as a car or truck gets older. • A security deposit refers to money held to cover possible damages in an apartment. • An electric bill is commonly considered a fixed living expense • A lease is designed to protect the rights of both a tenant and a landlord.

HOMEWORK:

Read pages 59-64 of the NEFE Student Guide to prepare for the Financial Services lesson.

ADDITIONAL RESOURCES:

Practical Money Skills for Life

https://www.practicalmoneyskills.com/foreducators/lesson_plans/teens.php

Draw material from Lesson 5 – Living on Your Own, and Lesson 9 – Cars and Loans

Money Guide for Teens

- **Car Costs**

http://moneytalks4teens.ucdavis.edu/newsltr_car_costs.pdf

This 10-page handout highlights the key issues involved in buying a car, such as determining what you want and what you can afford, securing a loan and insurance, and understanding warranties.

- **Hunger Attack**

http://moneytalks4teens.ucdavis.edu/newsltr_hunger_attack.pdf

This 8-page handout talks about how to tame your hunger and still protect your wallet. This is a useful tool if instructors decide to expand this lesson to include other “life choices:” eating, entertainment, lifestyle, etc.

If you decide to add “Having a Baby” to the Life Choices lesson:

First-year Baby Costs Calculator (plus articles)

<http://www.babycenter.com/baby-cost-calculator>

An excellent tool to estimate the first year costs of starting a family.

How Much Does It Really Cost to Have a Baby? Article in Redbook Magazine

<http://www.redbookmag.com/money-career/tips-advice/money-baby-cost-6>

This article include typical baby expenses and how they’ve changes over time, brief family profiles, and chart outlining the first 10 years of expense (by family income level).

Budgeting for a Baby – Calculator from Practical Money Skills for Life

<http://practicalmoneyskills.com/calculators/calculate/budgetingForABaby.php?calcCategory=budget>

For an alternative lesson option:

Building Wealth in the Classroom – from the Federal Reserve Bank of Dallas

What Does It Mean to Be Wealthy – Lesson 1

<http://www.dallasfed.org/educate/pubs/wealthclass.cfm>

This lesson defines net worth and helps students learn how to distinguish between appreciating and depreciating assets.