Unit 6: Family Financial Literacy

**Essential Question:** What can be done to ensure individuals develop success in life management, employment and career development?

**Lesson Problem:** How can individuals manage their personal and family finances across the lifespan?

**National FCS Standards**
(Refer to: [http://nasafacs.org/national-standards--competencies.html](http://nasafacs.org/national-standards--competencies.html))

**Content: 2.0 Consumer and Family Resources**

**Comprehensive Standard: 15.1** Demonstrate management of individual and family resources such as food, clothing, shelter, health care, recreation, transportation, time and human capital.

**Competencies:**
- 2.1.1 Apply management and planning skills and processes to organize tasks and responsibilities.
- 2.1.2 Analyze how individuals and families make choices to satisfy needs and wants.

**Comprehensive Standard: 2.5** Analyze relationships between the economic system and consumer action.

**Competency:**
- 2.5.4 Analyze practices that allow families to maintain economic self-sufficiency.

**Comprehensive Standard: 2.6** Demonstrate management of financial resources to meet the goals of individuals and families across the lifespan.

**Competencies:**
- 2.6.1 Evaluate the need for personal and family financial planning.
- 2.6.2 Apply management principles to individual and family financial practices.

**Content: 3.0 Consumer Services**

**Comprehensive Standard: 3.3** Analyze factors in developing a long-term financial management plan.

**Competency:**
- 3.3.2 Demonstrate components of a financial planning process that reflect the distinction between needs, wants, values, goals and economic resources.

**Content: 6.0 Family** *(Standard is addressed if “V: Teaching Financial Literacy to Children” is included)*

**Comprehensive Standard: 6.1** Analyze the effects of family as a system on individuals and society.

**Competency:**
- 6.1.4 Analyze the role of family in teaching culture and traditions across the life span.

**Content: 15.0 Parenting**

**Comprehensive Standard: 15.1** Analyze roles and responsibilities of parenting.

**Competency:**
- 15.1.2 Analyze expectations and responsibilities of parenting.
- 15.1.4 Analyze societal conditions that influence parenting across the lifespan.

**Comprehensive Standard: 15.3** Evaluate external support systems that provide services for parents

**Competency:**
- 15.3.1 Assess community resources and services available to families.
Kansas Family and Consumer Science Competencies

Content: Family Studies (22208/2218)

Benchmark:

5.2 Analyze roles and responsibilities of parenting

Competencies:

5.2.4 Examine the financial responsibilities of parenting.
5.2.5 Analyze practices that allow families to maintain economic self-sufficiency.
5.2.6 Compare and contrast economic factors and impact of family situations on its members.

Benchmark:

5.4 Evaluate external support systems that provide service for parents.

Competencies:

5.4.1 Identify community resources and services available for families.
5.4.3 Evaluate community resources that provide opportunities related to parenting.

Basic Skills (red font/highlight): Language Arts, Math, Science, Social Studies

21st Century Process Skills: (red font/highlight)

- Thinking & Problem Solving: Critical Thinking, Problem Solving (Flexibility), Creativity (Innovation)
- Information Literacy and Communication Skills: Communication (Media Literacy, Technology)
- Leadership and Collaboration: Leadership (Initiative), Management (Productivity), Goal Setting, Decision Making

Learning Objectives: The learner will:

- Recognize impact of education level on ability to provide financial resources for the individual and family.
- Explore spending values and attitudes.
- Understand financial literacy strategies needed in today’s world.
- Evaluate budget needs for various stages of the family development.
- Understanding the impact of career selection on family finances.
- Describe sources of income.
- Plan a budget and practice managing money wisely.
- Identify sources of career information.
- Analyze situations to determine wise financial decisions.

Vocabulary: (Optional Additions: Terms/phrases in the Family Cycle Financial Planning Handout—Teacher Notes)

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<thead>
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<tbody>
<tr>
<td>Fixed Expense</td>
<td>Flexible Expense</td>
<td>Gross Pay</td>
<td>Net Pay</td>
<td>Deductions</td>
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<td>Career</td>
<td>Budget</td>
<td>Decision Making</td>
<td>Career</td>
<td>Career Path</td>
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<tr>
<td>Career Clusters</td>
<td>Aptitude Tests</td>
<td>Median Earnings</td>
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Instruction

Bell Work: (5-10 minutes)

[Project or post these questions before students enter the classroom. Direct students to answer the following questions (either hard copy or electronic) for reference later.]

Explain how you plan for spending or saving money.

Building Healthy Families in Kansas—Unit 6: Family Financial Planning 2
Share your thoughts about your future career plans and goals. Compare your answers to both, asking yourself “Are they related?” (Write your answer.)

Introduction (anticipatory set):
(Pre-Preparation: Post three signs, two on opposite sides of the classroom--one reads “agree”, one “disagree”, and the third sign is to read “neutral” and should be posted mid-room.)

Teacher: Career Attitude Questions (5 minutes)
A. Ask the following—don’t ask for answers, just try to set the stage that there are many questions to ask.

“Do you think about your future? Do you have a plan? Do you feel that your educational goals are going to meet the ‘ideal life’ that you want to have as an adult? With a family? As a parent? Do you have a plan? Do you know where you can get career information? Do you have a plan? Does it include a financial plan to make it all happen?”

“Over the next couple of class periods we are going to take a look at the issue of financial literacy for parents and families. We know that a lot of decisions made in regard to the family are dependent upon the individuals involved. To begin with let’s take a quick look at your belief about a few topics.

Activity #1: “Agree or Disagree, That is the Question” (20 minutes)
Directions:
“I am going to ask 5 questions. If you agree move to the side of the room with the agree sign, if you are neutral stand in the middle of room by the neutral sign and if you disagree with the statement move to the side of the room with the disagree sign. Everyone up!”

(Allow time for students to decide an answer and then move to their sign.)

(Optional time for students to decide an answer and then move to their sign.)

(Optional time for students to decide an answer and then move to their sign.)

1. Children of single parents are five times more likely to live in poverty than children of married parents.
2. It is imperative to have at least some post-secondary education (college) to get a good job today.
3. Budgeting is the responsibility of both of the parents in the family.
5. Parents should teach their children about good financial practices as they are growing up.

Learning Process (with Activities):

I. Teacher: Education, Income and Career Connection (75-90 minutes plus activity)

“Now that we have your thoughts and values involved in this topic, we are going to hit three major areas concerning financial literacy. The first understands how your education level can affect the amount of money that you can earn during your lifetime and how that can affect your personal and family life. Secondly, we are going to take a look at why money matters and needs to be considered, and third we are going to explore balanced financial management.”

(Teacher note: Allow sufficient time for students to answer the questions below when asked.)

A. The EDUCATION INCOME CONNECTION (30-40 minutes)

“First let’s take a look at education and income.
- An article posted in CNN Money shares the costs of raising a child from birth to age 18 for a middle-income, two-parent family averaged $226,920 (2011).
- This relates to things such as diapers, strollers, medical care, clothing, school, food and other items. It does NOT include post-secondary education.
According to the U.S. Department of Agriculture (who oversees the tracking of this data), the cost is up nearly 40% or more than $60,000 from 2000. Just one year of spending on a child can cost up to $13,830 in 2010, compared to $9,860 a decade ago. According to "The College Board", median salary increases 1-2% for every year of additional education received after high school graduation. Median refers to half the jobs have high salaries and half have lower. For a high school graduate, that average is $33,800; 1-2 yr degree $42,000; 4-yr degree $55,700. (Source: http://trends.collegeboard.org/education-pays/figures-tables/median-earnings-and-tax-payments-education-level-2008, © 2013 The College Board)

Costs of post-secondary education must also be considered. Average tuition of a two year degree is $3,100 compared to the average tuition of a four year degree which is $8,600. If one considers that the two year degree price is times two, then one must also consider the four year degree would be times four—the price of both is a real factor. (Source: http://trends.collegeboard.org/college-pricing/figures-tables/average-net-price-full-time-students-over-time-%E2%80%94-public-institutions © 2013 The College Board)

B. Debriefing Questions:
"So we can see the relationship between wages and raising a child in the United States today.

- What do you think it will be like in the future?
- Do you think we will see the same rate of increase?
- So how does your life plan fit with your career selection? Having a family? Meeting your personal goals?"

Let's begin by looking at your career selection. It is a very important step to sound financial management."

C. Career Clusters:
"How many of you have any idea about what you do for a career? We are going take a look at some information concerning how your education level can impact your earning potential. As we begin looking at this can anyone tell me about Career Clusters?"

(Post or share KSDE web link-- http://www.ksde.org/Default.aspx?tabid=249 Copyright June 19, 2008© KSDE)

“The KSDE website shared with you is a resource that shares the sixteen career clusters.

- What have you heard about the clusters?
- What classes or organizations are you involved in?
- Do they align with any of these clusters?
- Do you see one cluster that is most common? This could be an indication of the area that best fits your interests and aptitude.
- Which cluster (s) are you interested in? Is it the same cluster as above?"

“To help us get a clearer picture about possible careers. Let's take some time to explore some information about careers. How many of you ever heard of (insert career exploration software you use at your school). “

(Teacher note: Let students take the time to share what they know about these resources. If you do not know which your school uses, contact your local school administrator who is in charge.)

**ACTIVITY#2: CAREER OUTLOOK AND PROJECTIONS** (60-90 minutes)
(Teacher Note: Schedule computer lab or laptops for students to use 1:1. Copy worksheets for student use. Suggested that three careers be explored which will require three copies of worksheet 6.1)

Assign students to investigate their career choices concerning the outlook, potential positions and related information. Here is the web link to O'Net-My Next Move (http://www.mynextmove.org/)

As they explore the website, assign the following worksheets: (Source of both: Balancing Work and Family, KSDE, 1994, pgs. 26-27.)

- Worksheet 6.1-- "Career Exploration" *(Suggestion: Copy three per student or send electronically)*
- Worksheet 6.2-- "Career Comparison Ladder" *(Suggest the careers selected are the same ones identified on worksheet 6.1)*

Debriefing Questions:
*Assign the following at conclusion of worksheet work:*
What is needed to move up the career ladder?

If you are already on the job, what are some ways in which you can get the extra training/etc. to be able to move up the career ladder?

What is the career ladder for your career choice? How long would it take you to move to the next rung? Five years? Ten years?

II. Teacher: Money Management (25 minutes)
Money matters and so does money management. During this session we are going to take a look at your attitudes toward money.

ACTIVITY#3: Financial Attitudes Survey (20 minutes)
(Teacher Note: Prepare handouts based on your selection from the activities below. If option one is selected, copy survey on different paper colors allowing for partnering by color for the debriefing section.)

Pick one option--
Option one: “Financial Attitude Survey”

2. Allow time to complete.
3. Assign students to find the matching color handout (or you can add some other markings or classroom arrangement) to create discussion teams.
4. Direct students to discuss the outcomes of their survey results.
5. Ask debriefing questions.

Debriefing Questions:

Did your group have similar results? Why do you think so?
Did your group have different results? Why do you think so?
Why do you think this survey was included in this unit?

Option two: “My Personal Consumer Behaviors”.
A second assignment to use is “My Personal Consumer Behaviors” (Worksheet 6.4). It can be used stand alone or in addition to the “Financial Attitude Survey”. (Source: Balancing Work and Family, KSDE, 1994, pg. 23.)

Debriefing Questions are part of Worksheet 6.4.

III. Teacher: Money Management Attitudes. (20 minutes)

A. “Now that we have some insight into our attitudes or beliefs about money, let’s discuss some money management concepts that are helpful. (Teacher note: Allow students to discuss each statement, directing their responses until the accurate interpretation is understood.)

1. Live within your means. (Don’t spend more than you have.)
   (Allow for discussion.)
2. Meet financial goals before purchasing special items. (Pay all your bills first.)
   (Allow for discussion.)
3. Prepare for financial emergencies. (Plan for worst, hope for best.)
   (Allow for discussion.)
4. Gain and maintain a sense of financial independence. (Do the other three to control your money.)
   (Allow for discussion.)

Your attitude reflects the way that you spend money. Some folks are very cautious and save a lot while others are very free with their money and save very little. Most people fall somewhere in the middle. Money can provide a sense of security OR create many worries. Some folks see it as a form of power and status to spend it, others see power and status in saving it.”
B. Debriefing Questions:
- What are your thoughts or attitude about your money?
- Did it change as a result of this section?
- Did you gain a better understanding regarding financial decisions in your family?

C. Terms—Share the following definitions:
- Income- the money you take in and have available to spend (may have to discuss paychecks and deductions here if students are unaware of the difference).
- Expenses- are the items that you spend your money on.
- Fixed Expenses- these are expenses that do not vary in amount and you pay regularly.
- Flexible Expenses- these expenses vary in amount and are less predictable than fixed expenses.
- Budget-a plan for spending and saving money that in impacted by family members affected by it.

Optional Activity: See Teaching Resource 6.12 for additional terms and concepts to be covered.

Activity #4: Balanced Money Management (Time varies)
(Entering the needs of your class, select one of the options below to address their weaknesses in money management.)

Select an option or use both:

Option One—*FCCLA National Program--Financial Fitness. (*TEACHER NOTE: Must have an affiliated chapter to use these materials.)

“If you go to National FCCLA website, refer to the national program links for Financial Fitness at www.fcclainc.org. Units include a number of lesson plans that align with FCS curriculum and address the following topics:

- Banking Basics—Bank Accounts, Credit, Investments
- Cash Control—Personal spending and budgeting
- Making Money—Job related financial issues
- Consumer Clout—Spending wisely
- Financing Your Future—Real life applications”

Option Two—Practical Money Skills for Life (VISA)

“A second way to access this information is through the practical money skills at www.practicalmoneyskills.com. There are 22 lessons that range from money and goals and saving to credit and independent living. Games and videos are also included. Items will need to be aligned to your FCS curriculum as it is not done for you.

ACTIVITY #5: That Little Bundle Can Cost a Bundle (60-75 minutes)

“To help practice what we have learned about our attitudes about money, reasons why we need money and how a family may need to practice sound financial management, we are going to see how our learning is reflected in a simulation exercise using the knowledge that we have gained in the previous sessions.”

Share the handout called “Cost of Raising Children” Reading (Handout 6.5)

Assign students to complete the Worksheet 6.6 “That Little Bundle Can Cost a Bundle” using the “Cost of Raising Children” Handout 6.5 as a reference.

Allow 20-25 minutes.

Optional Activity—Family Budget Simulation

If you would rather have a small group assignment or a more in depth experience, use a case study family budgeting simulation. Refer to Covering Assignment 6.7 or select from those which are part of your class text or purchase from vendor of choice.
(Optional Activity—Real Care Baby Budget

Another source with budgeting information is Reality Works- Real Care Baby Curriculum and Reality Works Healthy Choices Curriculum--Lesson 11- Financial Support.

D. Resources to Support Children and Families (20-30 minutes plus selected activity)

“There are times when the needs of children cannot be met due to lack of family financial resources. The U.S. has a number of social programs to assist with these needs, not to be used in replacement of parent responsibility, but for those situations that arise unplanned. The resources provided to these agencies cannot provide for all families and should not be used as an alternative to personal responsibility; however the child’s needs are the focus of these programs as they have no choice in the situation in which they live.”

(Teacher note: Explore the local, county and state support and social programs in place by collecting websites, pamphlets, etc. for student review.)

Suggested Activities: (Select one)

- Assign students an agency to review (individually or in teams) and to present their name, purpose, children’s needs addressed and related info to the class. (30-45 minutes plus homework)
- Secure a guest presenter or panel from one or more of these social programs to share their stories and purposes. (60 minutes)
- Organize a benefit for these social programs as a way for students to build their capacity for caring. (May tie to a FCCLA Star Event) (Varies: 75 minutes plus project planning and implementation)
- Create a pamphlet over the resources available and share with the community. (60-75 minutes)

IV. Family Financial Planning (15 minutes plus selected activity.)

“Financial needs change over one’s life time and is directly impacted by personal goals, career decisions, children and life decisions. Let’s look briefly at the needs over the life time and consider how making decisions today influence what happens later in life.”

Handout 6.8 “Life Cycle Financial Planning”. Allow class to read it (NOTE: Some terms may need to be defined. See Teacher Resource 6.9—“Life Cycle Financial Planning Terms”—Refer to Teacher Notes for terms)

Discuss the contents of the reading.

Suggested Activities: (Pick one or more that meet your student needs.)

- Schedule a financial planner to share what they see in life cycle financial planning. (60 minutes)
- Review recent news articles concerning financial planning, assigning students to analyze them by comparing what was leaned in the unit topics to either support what the article is saying or disprove it. (60-75 minutes—you can cut time if articles are provided.)
- Discuss how the following impacts life cycle financial planning—career planning (or lack of), illness, loss of job or benefits, number of children, lack of financial planning when young. (20 minutes)

Activity #6: Budgeting Over the Life Span (45-60 minutes)

(Preparation: You will need a budget outline Worksheet #6.10 for this activity.)

Directions:

1. Create student teams of 2-3 per group.
2. Hand back their budgets from Activity #5 “That Little Bundle Can Cost a Bundle” (If this activity was not completed before, then assign this as a stand-alone activity).
4. Referring to their assigned stage, direct student to create a budget that reflects the financial concerns for that time frame in a person’s family life.
5. Allow 30 minutes
6. Sharing in order of the life stage, allow each team to share the uniqueness’s of their life stage speaking to the financial concerns. Note how each builds on the other over the life span.
7. End by asking each team to identify one thing they learned from this activity.

V. Teaching Financial Literacy to Children (Optional) (30-45 minutes plus class identified project)
A big question is “where do we learn to be good money managers?” Many look to their families and follow the skills (or lack of) demonstrated when growing up. But what might be a more responsible way to think about this is to plan for teaching children as they grow how to make wise decisions regarding their personal finances.

The “Teaching Financial Literacy to Children” (Teaching Resource 6.13) reference builds upon child development theories, and especially the work of Jean Piaget. This will show you one method of teaching children that is developmentally appropriate and meets their learning levels.

*(Create a power point to introduce Jean Piaget’s work as well as the main points from the teaching resource 6.13. The class may wish to use the information as a basis for a community project. Refer to FCCLA’s Competitive Event—Focus on Children for guidelines and evaluation rubric.)*

**Conclusion:** (20-25 minutes)
A. Summarize the main points in this unit as built to your specific student needs.
B. Refer to debriefing questions to learn student growth.

**Debriefing Questions:** *(These can be used informally as a class discussion or assigned as a reflective essay. If used as an essay, use your local school literacy rubric to assign grades.)*

**Technical:**
- Define the terms used in the unit. *(Option: Identify terms to include and list for the students.)*
- What are the three concepts addressed in this unit? Why were they important to include?
- How are money and finances related to raising children?

**Interpretation:**
- Which of the financial literacy components do you feel are most important? Defend your answer?
- How would you tell someone else about the importance of family financial literacy?
- How would having an unplanned baby as a teen affect career decisions? Financial needs? Goal achievement?
- What is the role of social programs in meeting children’s needs?
- What can be done to encourage parents to take responsibility for their children’s needs?
- What are some benefits/consequences if financial needs over the life span are/are not considered in budgets?

**Reflective:**
- How do you see your attitudes about financial management affecting the decisions that you make as an individual? As a parent?
- What are some issues that could arise if the financial related characteristics of a life partner do not align to yours?
- Consider the most beneficial thing you learned from this lesson. Explain your selection.

**Assessment:**
Career Assignments (This will vary depending upon your activities.)
Budget/Money Management Assignments *(This will vary depending upon your selected activities.)*
Class project (STAR event may be used to set parameters and evaluate using rubric provided if school has an affiliated chapter.)
Debriefing Questions
Reflective Essay *(Rubric is not provided, use literacy rubric that is encouraged at your school.)*

**Materials:**
- Laptops/I-pads (1:1 ratio)
- Brochures, flyers, pamphlets and/or the websites of local and state social programs/agencies that can assist families in need.

**Handouts:**
- 6.1—Career Exploration Worksheet (1-3 copies per student)
- 6.2—Career Ladders Worksheet
- 6.3—Financial Attitude Survey
- 6.4—My Personal Consumer Behaviors Worksheet
• 6.5—Costs of Raising a Child Handout
• 6.6—That Little Bundle Can Cost a Bundle Worksheet
• 6.7—The Bundle Family Budgeting Practice Worksheet
• 6.8—Life Cycle Financial Planning Handout
• 6.9—Teaching Reference: Life Cycle Financial Planning
• 6.10—Actual Cost of Living Worksheet
• 6.11—Family Budget Activity (Optional)
• 6.12—Teaching Reference: Budget Related Discussion Topics (Optional)
• 6.13—Teaching Reference: Teaching Children About Financial Literacy (Optional)

FCCLA Integration: *(Affiliated chapter is required to use these materials, www.fcclainc.org)*

Power of One—Working on Working; Family Ties; A Better You; Talk the Lead
Financial First National Program
Families First National Program
Career Connection National Program

STAR Events:
• National Programs in Action *(See above for appropriate national program links)*;
• Interpersonal Communications;
• Life Event Planning;
• Financial Fitness
• Focus on Children

Teaching Resources:
• Classroom textbooks such as:
  o Parenting –Glencoe (Copyright © 2010 McGraw-Hill Education)
  o Creative Living Skills- Glencoe (Copyright © 2010 McGraw-Hill Education)
  o Strengthening Family and Self Text-Goodheart-Wilcox Co. (Copyright © 2012 The Goodheart-Willcox Co.)
  o Families Today Text- Glencoe (Copyright © 2010 McGraw-Hill Education)
  o Parents and Their Children Text- Goodheart-Wilcox (Copyright © 2012 The Goodheart-Willcox Co.)
  o Married and Single Life Text-Glencoe (Copyright © 2010 McGraw-Hill Education)

Websites Used or Referred to:
• [www.fcclainc.org](http://www.fcclainc.org)
• [http://www.kansascareerpipeline.org/](http://www.kansascareerpipeline.org/) (Copyright © Kuder, Inc.)
• [http://www.mynextmove.org/](http://www.mynextmove.org/)
• [www.uen.org](http://www.uen.org) (© Utah Education Network in partnership with the Utah State Office of Education and Higher Ed Utah.)
  o [http://www.uen.org/Lessonplan/preview.cgi?LPid=29120](http://www.uen.org/Lessonplan/preview.cgi?LPid=29120)
  o [http://www.uen.org/Lessonplan/preview.cgi?LPid=4606](http://www.uen.org/Lessonplan/preview.cgi?LPid=4606)
  o [http://www.uen.org/Lessonplan/preview.cgi?LPid=28936](http://www.uen.org/Lessonplan/preview.cgi?LPid=28936)

Optional/Additional Learning Activities/Follow Up:
• Family Budget Activity (Worksheet 6.11)
• Budget Related Discussion Topics (Teaching Resource 6.12)
• Teaching Financial Literacy to Children (Teaching Resource 6.13)
• Many optional activities have been listed throughout the unit.
Worksheet 6.1

Career Exploration
Job Title:
Career Cluster:
Job responsibilities/important aspects of the job:

Work environment/working conditions:

Benefits of this job/special features:

Education/training/special skills/licensing/certifications required or needed for this job:

Future outlook for the job/opportunities for advancement:

Starting salary/wage:

Debriefing:

Three related occupations are:
1.
2.
3.

What skills and interests do you have that align to those needed for this occupational area?

(Source: Balancing Work and Family, KSDE, 1994, pgs. 26-27.)
Worksheet 6.2

Career Ladders

Most people who begin working at a job hope to move up some day. They usually want better paying, more responsible positions. Almost every entry level or beginning job can lead a good worker to more than one better job. Choose three entry level jobs that you are interested in. Put the job titles on the bottom rung of the ladders. On the next rungs, list other jobs that these entry level jobs could lead to as you climb the “career ladder”. Stop when you reach the highest level obtainable (NOTE: This doesn't mean you WANT to achieve that level.)

(Source: Balancing Work and Family, KSDE, 1994, pgs. 26-27.)
# Unit 6: Family Financial Literacy

## Financial Attitudes Survey

**Direction:** Check the column that most clearly matches your agreement to each statement to learn more about your attitudes towards money. There are no right and wrong answers.

<table>
<thead>
<tr>
<th></th>
<th>Very True (6)</th>
<th>Some True (4)</th>
<th>Not Sure (2)</th>
<th>Not True (0)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>I believe that part of my allowance/income should be used to help with family expenses.</td>
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<td>2.</td>
<td>I expect more money when given more responsibility on my job, regardless if the job is at home or in the workplace.</td>
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<tr>
<td>3.</td>
<td>I feel that it’s important to save money each month.</td>
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<td>4.</td>
<td>I feel that time is more important than money.</td>
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<td>5.</td>
<td>Happiness is being able to buy what I need when I want to.</td>
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<td>6.</td>
<td>I like to be looked up to as a powerful person.</td>
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<td>7.</td>
<td>I do not care about the appearance of my car as long as it runs.</td>
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<td>8.</td>
<td>A job that helps others is more important than the money I make.</td>
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<td>9.</td>
<td>It is important to me that I make more money than my peers.</td>
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<td>10.</td>
<td>I do not want the responsibility of being in charge of my peers.</td>
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<td>11.</td>
<td>I would rather save money for something I want than spend it on many small items.</td>
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<tr>
<td>12.</td>
<td>I like to have the newest items on the market.</td>
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<td>13.</td>
<td>I feel important when others serve me.</td>
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<tr>
<td>14.</td>
<td>I’m as happy with clothes from a discount store as clothes from a name brand store.</td>
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<tr>
<td>15.</td>
<td>When a friend borrows money from me, it doesn’t bother me if he or she pays it back.</td>
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<tr>
<td>16.</td>
<td>I feel the better I’m doing at my job, the more money I should make.</td>
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<tr>
<td>17.</td>
<td>I believe that saving money is a good idea.</td>
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<td>18.</td>
<td>I would like to have enough money to spend any way I want.</td>
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<td>19.</td>
<td>I enjoy wearing fashionable clothing.</td>
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<tr>
<td>20.</td>
<td>I feel money can’t buy happiness.</td>
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<tr>
<td>21.</td>
<td>I’d rather give money to help a homeless child than make monthly payments on an iPad.</td>
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</tbody>
</table>

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*Building Healthy Families in Kansas—Unit 6: Family Financial Planning*
SURVEY SCORING:
I. Review your answers above and their point values, noting that a “very true” is worth 6 pts; “sometimes true” is worth 4 pts; “not sure” is worth 2 pts; and “not true” is worth 0 pts. Enter the corresponding point values in the table below.

<table>
<thead>
<tr>
<th>Concern for Others</th>
<th>Measure of Success</th>
<th>Security</th>
<th>Freedom and Flexibility</th>
<th>Purchasing Power</th>
<th>Status Seeking</th>
<th>Necessity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2.</td>
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<td>31.</td>
<td>32.</td>
<td>33.</td>
<td>34.</td>
<td>35.</td>
</tr>
</tbody>
</table>

| TOTALS             |                    |          |                          |                 |               |           |

II. Total your columns. Circle your top scores. If scores are less than 5 pts different, circle the multiple categories. Refer to “key” to learn more about your attitudes toward money.

III. ATTITUDES CATEGORIES: **KEY** *(Hand out to students or project for students viewing AFTER their scoring is completed.)*

**CONCERN FOR OTHERS**
Money can be used to help your family and friends, to support causes you believe in, and to make the world a better place for everyone. You would not want to choose a job that was harmful to others or was unethical. You might consider a job in one of the helping professions. Examples of careers that fit this attitude are veterinarians, social workers, counselors and nurses.

**MEASURE OF SUCCESS**
If this was your highest category, you think of your salary as a report card—the higher it is, the better you are doing. You want to be the head of the class. You may be willing to take calculated risks if the possibility of earnings is great enough. Career choices might include working for a big company where earning potential and advancements are possible. You might be willing to work for yourself. Career examples include business manager, stock broker and financial officer in a bank.

SECURITY
Those who score high in this category think that the best thing about money is the security it provides. You probably won’t start your own business or invest your time and money in any kind of risky ventures. You want to make sure all of your economic needs will be met, that you don’t have to worry about losing your job, your health or your savings. You’ll probably want a job with an established company or one that does not have a lot of change. You will look for a job with good benefits and retirement plans but salary advancement isn’t that important. Careers that fit this attitude might include accountant, mechanic or government worker.

FREEDOM AND FLEXIBILITY
People who like this category like money, but they don’t like to be controlled by others. They often find happiness in jobs as entrepreneurs, freelance writers, consultants or professionals in private practice. It is very important for them to be in charge of their own lives, to do what they want to do. Displaying wealth is not important, but spending extra income for travel and hiring others to do your housework is a priority.

PURCHASING POWER
You will want to earn enough money to buy what you want, when you want it. It’s important to always have the most, the latest, and the best of everything. A job with the potential for high salary, even if it means more commitment on your part is important such as those in marketing, advertising, corporate officer or sales. If you do not make a salary to meet your needs, you are in danger of over spending and credit card debt problems.

STATUS SEEKING
You like the recognition that money can bring and the status and power it can provide. Money is a status symbol which is highly recognized in our society. Those that score highest in this category see money as a way to have lots of material goods and influence others to do what they want. This category requires a very high paying job or a job that lets you associate with people who are wealthy. Occupations which support the wealthy are personal shoppers, public relations specialists, financial advisors and salespeople of high end goods.

NECESSITY
Those who score highest in this category can live simply and happily with a small but adequate income. Some prefer this lifestyle if centered on personal experiences rather than owning things. The person in this category would rather not own a home, and may move multiple times. You are likely to accept a job you like even though it doesn’t pay very much. Examples of jobs that fit this category include short term employment or those that don’t require a lot of skill or training. This lifestyle can be detrimental to families as the needs of children are expensive and hard to meet if adequate income is not secured. In addition, school requires a family to be in one location which can hinder this wandering nature.

(Source: Balancing Work and Family, KSDE, 1994, pgs. 21-22.)
Worksheet 6.4

My Personal Consumer Behaviors

**Directions:** Think of yourself as a consumer—one who buys and uses goods and services. Complete the following statements. Do not change your answers once you have written them down. There is no right or wrong answer.

1. I spend too much money on _____________________________________________________.
2. I most enjoy buying ____________________________________________________________.
3. I’d use credit if ________________________________________________________________.
4. If I’m in a depressed mood, I may spend my money ________________________________.
5. If I’m in a happy mood, I may spend my money ________________________________.
6. I most enjoy owning ____________________________________________________________.
7. The saver in our family is ______________________________________________________.
8. The spender in our family is ____________________________________________________.
9. I will spend most of my money ________________________________________________.
10. I will least likely spend money ________________________________________________.
11. I return (pick one) ___ more ___ fewer or ___ about the same number of things back to the store than most people I know.
12. My best purchases have occurred when ________________________________________.
13. I usually postpone buying when ________________________________________________.
14. After something gets old or worn I usually ________________________________________.
15. My parents often make spending seem ____________________________________________.
16. My parents often make saving seem ____________________________________________.
17. When it comes to savings, I ________________________________________________.
18. As a consumer, I am (pick one)__seldom __sometimes __often concerned about how my purchases affect the environment.

19. If I won a million dollars, I would ____________________________________________.

20. Below are 15 items commonly purchased. Rate them from 1—what you’d first purchase to 15—what you would only purchase if money was left over.

____Buy new clothes  ____Buy lottery tickets  ____Set aside money for education.

____Buy electronics  ____Eat out  ____Give money to a needy friend

____Save for future use  ____Pay for car insurance  ____Buy a gaming system

____Take a trip  ____Go to a sporting event/concert  ____Trade in your car on a new one

____Repaint your room  ____Donate to a charity  ____Throw a party

REFLECTION:

• Circle your top three purchases. Do they have any underlying value or commonality?

• What about your last three items? Do they have anything in common?

• What if you were given money to spend? Would your rating change?

• Review your “answers” from the first section. Do your answers match your “purchases”?

• What does this tell you about your consumer behavior?

• Do you feel your future consumer decisions will be different than what you’ve learned here? Why or why not?

(Source: Balancing Work and Family, KSDE, 1994, pg. 23.)
Cost of Raising Children  
By Carolyn Washburn, USU Extension

Children are priceless, but raising them is probably the most expensive thing you'll ever do. Here are some breakdowns on where the expenses may be.

The costs in the child's first year continue to add up. The amounts spent vary depending on whether one looks at a single parent, or two parent home, whether there is more than one child in the home, and what the income range of the family is. In the first year alone, you can easily spend between $4,000 to $6,000 for diapers, formula, baby furniture, clothing, baby gear, etc. If you go back to work right away, childcare can cost as much as $3,000 to $4,500 in your baby's first year.

If you plan to use disposable diapers, plan on spending between $2,000 to $3,300 by the time your baby is potty-trained. Expect your baby to go through at least 7-8 diapers a day on average and spending $80 to $130 a month on diapers alone (especially in the first few months, when changes are more frequent.) Cloth diapering can be just as expensive as disposables if you use a diaper service. If you launder them yourself, you can save money. It is estimated that cloth diapering costs approximately $800 to $1,100 by the time your baby is potty-trained (without the diaper service.)

Formula (up until your baby is one-year-old), will most likely cost between $1,000 to $2,300. Plan to spend at least $40 a week on infant formula. You can cut your costs dramatically by breastfeeding for a year or more.

Don't forget about the delivery! It easily costs between $8,000 to $12,000 for a normal delivery, up to $15,000 for a cesarean delivery, and much more if there are complications. If you are covered by insurance, it may cover most of the cost.

Over the child's first 17 years of age, the cost is currently estimated to add up to $139,000-$279,000. However by the time a newborn reaches age 17 in the year 2022, this total is estimated with inflation to add up to $183,000 to $366,000.

Sources:
Worksheet 6.6

That Little Bundle Can Cost a Bundle

Source: www.uen.org/ (© Utah Education Network in partnership with the Utah State Office of Education and Higher Ed Utah.—Adapted with permission)

Directions:

Divide up the class into teams (six are suggested). Assign each group a topic regarding the costs of having a baby. The group is to locate items needed, and their costs that reflect what is commonly purchased to prepare for the baby’s arrival. Direct students to review the “Costs of Raising Children” as an informational base, but look for averaged priced items *(NOTE: They will need to compare prices to find an average or medium price).*

Students can use internet sales, websites, printed ads and/or visits to local businesses to obtain the information for their assigned topic, however ensure the students understand if making personal contact, only one needs to do so.

Class time will be provided after content is located to develop a class presentation which includes a visual aid (such as poster or display). The costs and items should be recorded by team members to use in an additional budgeting project.

Topics to be explored:

- Hospital costs for mother and newborn. Include doctors’ visits for pregnancy, delivery and well child checkups and inoculations for baby’s first year. Obtain both natural delivery and caesarean delivery.
- Diapers, formula and baby food for baby’s first year. Obtain both bottle feeding and breast feeding costs (each will have unique costs).
- Nursery furniture, including bed, changing table, storage drawers, high chair, play pen or swing or other nice to have equipment. Identify which are need to have and nice to have.
- Baby clothing such as undershirts/onies, clothing, socks, shoes, etc for first year.
- Baby care items—Diaper bags, blankets, sheets, bathing supplies, fingernail clippers, baby thermometer
- Child care costs/daycare costs for working parents. Calculate 5 days a week for a year. Be sure to remove 2 weeks for vacation.

EVALUATION: Teacher is to create a rubric to use which reflects the categories for this project,
Consider—Research (10 ots); Group reporting (10 pts); Oral report (10 pts);
Visual Aid (5 pts); Family budget project (20 pts)

STUDENT PRESENTATION NOTES: Use the provided document for students to capture the costs associated.
That Bundle Can Cost a Bundle  Presentation Notes:

<table>
<thead>
<tr>
<th>Hospital Costs:</th>
<th>NEEDS</th>
<th>COST</th>
<th>WANT</th>
<th>COST</th>
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<tbody>
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<td>1.</td>
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<table>
<thead>
<tr>
<th>Food For Baby</th>
<th>NEEDS</th>
<th>COST</th>
<th>WANT</th>
<th>COST</th>
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</thead>
<tbody>
<tr>
<td>1. Formula (Average for one year)</td>
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<td>2. Baby Food (Average for one year)</td>
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<thead>
<tr>
<th>Nursery Furniture</th>
<th>NEEDS</th>
<th>COST</th>
<th>WANT</th>
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<table>
<thead>
<tr>
<th>Baby Clothing:</th>
<th>NEEDS</th>
<th>COST</th>
<th>WANT</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Diapers (Average for one year)</td>
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**Baby Care Items:**

<table>
<thead>
<tr>
<th></th>
<th>NEEDS</th>
<th>COST</th>
<th>WANT</th>
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</table>

**Child Care Costs:**

<table>
<thead>
<tr>
<th></th>
<th>NEEDS</th>
<th>COST</th>
<th>WANT</th>
<th>COST</th>
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Worksheet 6.7

The Bundle Family Budgeting Practice

Directions:
Remain in groups from worksheet 6.6 (or divide up the class into teams (six are suggested). As a team, you will be practicing making a month’s budget for the Bundle Family. They are expecting a little Bundle and want to determine the impact it will have to their budget.
Assign each group to explore home costs. (Look under the census bureau www.census.gov, search for “Average Annual Expenditures of All Consumer Units” or provide different sample amounts for activity use.) Divide the costs by the number who live in a household to obtain the average cost per person. Times by three and use this as the average costs for home costs. (Enter in worksheet below.) (OPTIONAL: Provide the average costs for the community in which you live.)

HOME COSTS:

<table>
<thead>
<tr>
<th>Categories</th>
<th>Average costs for family of three:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage (home payment)</td>
<td>$__________________</td>
</tr>
<tr>
<td>Home insurance</td>
<td>$__________________</td>
</tr>
<tr>
<td>Utilities—Electricity</td>
<td>$__________________</td>
</tr>
<tr>
<td>Utilities—Natural Gas</td>
<td>$__________________</td>
</tr>
<tr>
<td>Utilities—Water</td>
<td>$__________________</td>
</tr>
<tr>
<td>Food (Groceries and Eating out)</td>
<td>$__________________</td>
</tr>
<tr>
<td>Car Payment</td>
<td>$__________________</td>
</tr>
<tr>
<td>Car Insurance</td>
<td>$__________________</td>
</tr>
<tr>
<td>Gas</td>
<td>$__________________</td>
</tr>
<tr>
<td>Cell Phone/Phone</td>
<td>$__________________</td>
</tr>
<tr>
<td>Internet</td>
<td>$__________________</td>
</tr>
<tr>
<td>Cable/Dish/Satellite</td>
<td>$__________________</td>
</tr>
<tr>
<td>Personal Expenses (ex: Hair cut)</td>
<td>$__________________</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>$__________________</td>
</tr>
</tbody>
</table>

Now, take the amount you calculated it would cost to prepare for a baby:

| Hospital Costs:                  | $__________________               |
| Food for Baby:                   | $__________________               |
| Nursery Furniture:               | $__________________               |
| Baby Clothing:                   | $__________________               |
| Baby Care Items:                 | $__________________               |
| Child Care Costs:                | $__________________               |
| TOTAL:                           | $__________________               |

Divide the above amount by 12 to get the cost per month.

Source: www.uen.org/ (© Utah Education Network in partnership with the Utah State Office of Education and Higher Ed Utah...Adapted with permission.)

REFLECTION:
1. What was the total home cost for a family of three?

2. What was the total cost of preparing for a new baby?

3. Let’s say the net income of The Bundles took home $3,500 a month. Deduct the home costs. What amount was left?

4. Can you afford all the items you selected for their baby?

5. Explain how someone who does not have an understanding of budgeting could get in credit card trouble:

6. How could you reduce the home costs and/or baby items to help the Bundles stay within their $3000 income? List a minimum of 5 suggestions:
   1)
   2)
   3)
   4)
   5)

7. What did you learn about the costs of living and the costs of adding children into a household?
Life Cycle Financial Planning

By identifying the usual activities that an individual faces progressing through life, the typical financial plan can be developed. An individual’s own unique circumstances are paramount, and life cycle should be used as a guideline. Financial plans can be organized as part of a portfolio. Portfolios are the plans for finances, both income and investments used to plan for life events and manage money over time.

Life cycle planning often puts individuals into four or more broad age categories. While different names are used to describe each stage, they generally fall into one of the following categories:

- early earning period;
- later earning period;
- peak earning period; and
- retirement.

During the early earning stage, individuals generally have low earnings and high expenses. Many professionals today pursue education until their late 20’s or early 30’s, at which time they begin their careers and earning. Those who pursue less education are usually entering their profession at a relatively low level of earnings. At this time, portfolios tend to be small and more heavily invested for long-term growth. Individuals also tend to have high expenditures during this stage as they establish a first home, purchase a vehicle, pay off student loans, and possibly travel.

The second stage, or later earning period, includes an increase in earnings and is characterized by high expenses as children are born and raised. The trend toward starting families later means that many individuals will have large expenses later in life, which may reduce the ability to save during this period.

The third stage encompasses the peak earning years prior to retirement. In addition, for many families the expensive child raising years are past, and saving, investing, and debt elimination can be given focus. At this time, a slight reduction in risk and investment time horizon is often prudent, although most experts recommend a significant growth component to the investment portfolio. Many individuals may have aging parents or university age children to support, so this stage may be marked by both high earnings and high expenses.

At retirement, focus usually shifts to preservation of capital and maintenance of lifestyle. Expenses are expected to be lower during retirement, but discretionary funds for travel and hobbies is often a goal. The importance of a pension plan and RRSP planning become evident during the retirement stage. Since the time horizon is shorter, lower risk assets are desirable. Recently, some planners have pointed out that for many retired investors, the time horizon may still be 20 or 30 years, highlighting the importance of some growth component in the portfolio. Careful financial planning is still necessary for the retirement stage investor. It is in this stage that many retired individuals may decide to gift their assets. Those who have built family businesses
or substantial assets may find it more reassuring to gift assets during their lifetime when the process can be controlled, rather than leaving them as part of an estate.

This traditional view of life cycle theory has recently encountered criticism, as the nature of individual life cycles has changed dramatically. First, professionals may spend more than a decade in post-secondary education, dramatically delaying the start of their earning years. These individuals may reach their peak earning years more quickly, but their earnings will have been delayed because of the additional education. The increasing cost of education means large student loans, which inhibit cash flow and reduce the time to amass a suitable asset base.

Second, rapid technological advancements have created a shift to life-long learning. For many, there is no longer a measurable end to education. Rather, education is now pursued throughout a career, rather than prior to beginning a career. Some experts believe that an individual’s current career is one of up to seven lifetime careers. This reinforces the role of lifelong learning and fewer peak earning years. At best, there may be several periods of low earning and peak earning throughout a lifetime as the result of career changes.

Third, the theory makes assumptions about typical life cycle expenses, particularly a home and the cost of raising children. However, many individuals today are delaying the purchase of a home. A growing number of households are non-traditional households, and not all of these will purchase a home or raise a family. There is also evidence that many younger professionals are forgoing the traditional purchase of a home to establish a small business, stay home to raise a family or select a career that allows work from home to allow for stronger life/work balance.

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Life Cycle Financial Planning (Terms to define in red)

By identifying the usual activities that an individual faces progressing through life, the typical financial plan can be developed. An individual’s own unique circumstances are paramount, and life cycle should be used as a guideline. Financial plans can be organized as part of a portfolio. Portfolios are the plans for finances, both income and investments used to plan for life events and manage money over time.

Life cycle planning often puts individuals into four or more broad age categories. While different names are used to describe each stage, they generally fall into one of the following categories:

- early earning period;
- later earning period;
- peak earning period; and
- retirement.

During the early earning stage, individuals generally have low earnings and high expenses. Many professionals today pursue education until their late 20’s or early 30’s, at which time they begin their careers and earning. Those who pursue less education are usually entering their profession at a relatively low level of earnings. At this time, portfolios tend to be small and more heavily invested for long-term growth. Individuals also tend to have high expenditures during this stage as they establish a first home, purchase a vehicle, pay off student loans, and possibly travel.

The second stage, or later earning period, includes an increase in earnings and is characterized by high expenses as children are born and raised. The trend toward starting families later means that many individuals will have large expenses later in life, which may reduce the ability to save during this period. This could cause issues later in their financial life.

The third stage encompasses the peak earning years prior to retirement. In addition, for many families the expensive child raising years are past, and saving, investing, and debt elimination can be given focus. At this time, a slight reduction in risk and investment time horizon is often prudent, although most experts recommend a significant growth component to the investment portfolio. Many individuals may have aging parents or university age children to support, so this stage may be marked by both high earnings and high expenses.

At retirement, focus usually shifts to preservation of capital and maintenance of lifestyle. Expenses are expected to be lower during retirement, but discretionary funds for travel and hobbies is often a goal. The importance of a pension plan and retirement planning become evident during the retirement stage. Since the
time for spending is shorter, lower risk assets are desirable. Recently, some planners have pointed out that for many retired investors, the time horizon may still be 20 or 30 years, highlighting the importance of some growth component in the portfolio. Careful financial planning is still necessary for the retirement stage investor. It is in this stage that many retired individuals may decide to gift their assets. Those who have built family businesses or substantial assets may find it more reassuring to gift assets during their lifetime when the process can be controlled, rather than leaving them as part of an estate.

This traditional view of the family life cycle has recently encountered criticism, as the nature of individual life cycles has changed dramatically. First, professionals may spend more than a decade in post-secondary education, dramatically delaying the start of their earning years. These individuals may reach their peak earning years more quickly, but their earnings will have been delayed because of the additional education. The increasing cost of education means large student loans, which inhibit cash flow and reduce the time to amass a suitable asset base.

Second, rapid technological advancements have created a shift to life-long learning. For many, there is no longer an end to education. Rather, education is now pursued throughout a career, rather than prior to beginning a career. Some experts believe that an individual’s current career is one of up to seven lifetime careers. This reinforces the role of lifelong learning and fewer peak earning years. At best, there may be several periods of low earning and peak earning throughout a lifetime as the result of career changes.

Third, this family life cycle reading makes assumptions about typical life cycle expenses, particularly a home and the cost of raising children. However, many individuals today are delaying the purchase of a home. A growing number of households are non-traditional households, and not all of these will purchase a home or raise a family. There is also evidence that many younger professionals are forgoing the traditional purchase of a home to establish a small business, stay home to raise a family or select a career that may pay less, but allows work from home and thus a stronger life/work balance.

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Actual Cost of Living Worksheet

Complete the information on this form.

1. **Housing:**
   Address: _____________________________________________________________
   Monthly rent: __________________________  Your share:  ______________________
   (Divide the monthly rent by the number of roommates you have.)
   Total cost of utilities (Divide by number of roommates):
   Gas __________________________   Phone ________________________________
   Electricity _____________________  Television/Cable __________________________
   Renter’s insurance per month ________________________________

2. **Transportation:**
   Make of car ________________________  Model _____________________________
   Monthly car payment __________________________
   Insurance company ________________________________
   Insurance per month __________________________________________
   Type and amount of coverage _______________________________________

3. **Meal planning:**
   Cost of groceries for one month: __________________________

4. **Consumer goods:**
   Product to be purchased ____________________________________________
   Amount of purchase: ____________________________________________
   How would you pay for this purchase? ___________________________
     If on installments, what is the monthly payment? ______________________
     How long will payments be made? _________________________________
     What is the total price you will pay for this purchase? _______________

5. **Savings:**
   Amount to be saved monthly: ________________________________
   Amount to be invested for retirement or future home purchase: ___________

Building Healthy Families in Kansas—Unit 6: Family Financial Planning
Optional Activity 6.11

Family Budget Activity

(NOTE: Students are asked to journal and keep folder. Students will need budget categories and percentages for this activity.)

For the next four days students will create a monthly budget project for a family using the monthly income of $3,500 per month (1 day = 1 week, so groups get installments of $875 each day (week), which they have to deposit in order to use.) If they choose to be single they get $1100 per month ($275 a week). Try to not give them that option unless they are absent from class or other reasons. The teacher will assign students into groups of four. (Students will need to decide on their family name that will appear on their paycheck.)

- On the fifth day students will have time to develop their journal/folder (in any format they choose). This should include what their budget looked like, why they chose what they did, how they adjusted for unforeseen expenses, any other problems they ran into, things they did particularly well, and things they could have done better.
- (TEACHER NOTE: You may substitute electronic payment experience rather than check writing. Contact your local bank who may have simulation materials to provide.)

- Using the percent amount next to the each category students will multiply it by their monthly income to figure out the amount they can spend on a certain category. Once students have figured out their monthly budget complete the following steps each day.
- Discuss the proper way to write a check (make a payment), where to sign, write the dollar amount and who it is being paid to. Checks must be written in Ink. If a check is written in pencil someone could always change the amount.
- Students will write a check out for their utility bills and all other bills. Explain to students that a bill will be paid by them each day.
- Students create budget for expenses on brainstorming list (must find actual products and prices from newspapers, store flyers, the Internet, old bills (mock), etc.).
- Describe what is expected in journal entries.
- Students look in newspapers, etc. to find a place to live, food, etc. These prices are to be entered into the budget.
- Working copy of budget should be completed and students should reflect on how their group came up with such a budget. They should discuss any problems, concerns, benefits, etc. in their journals.

Day 2-4

1. Students will receive their $875 installment for the day (week).
2. Explain to students how to register a deposit in to their bank account. Have students record their paycheck deposit into their individual balance books. Students must deposit the $875 using a deposit slip into their checking account. Discuss the different ways to deposit money into a savings account. Have students do a 10% electronic deposit from their checking to their savings account. Students will keep a journal of daily occurrences, problems, changes, etc.
   - Students must record checks and transactions into their balance book and balance out their book.
3. Students will then receive any bills and notices of unforeseen expenses (these could be bad, i.e. had to pay for ER visit for family member; or good, i.e. got a bonus at work). Groups will have at least one bill a day, though they may not have any unforeseen expenses for a given day.
4. Students must pay the bills by writing a check (payment) and make deposits for any bonus money received. Bills will be paid to the bill collector (teacher).
5. If groups wish to change their budget, they can do so. However, they must note this change in their journals and include a rationale for the change.
6. Each day, students will reflect on the day’s events and how they expect their budget to hold up through the month. They will record their feelings and thoughts in their journal.

Evaluation of budget project

- Students will be evaluated on their budget and the rationale for such a budget in their journals. The budget must include all expenses that are listed in their budget packet.
- Students will be evaluated on their check-writing ability by the written checks they pay (turn in) to the bill collector (teacher). (One student cannot write all the checks for their family.)
- Students will be evaluated on their ability to make payments on time and record their payments in their account records.
- Students will be assessed daily on their accuracy when balancing their checkbook.
- Students will be assessed based on their logic, reasoning, and reflective skills when dealing with unforeseen expenses as observed in their journals.
- The group will be evaluated on the content quality of their work as well as their explanation in their final presentation.

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Budget Related Discussion Topics

If additional information is desired, this list can serve as a reference regarding what to include and discuss further.

**Income**
- Job Wages
- Other income

**Fixed Expenses**
- Rent
- Transportation
- Utilities
- Insurance

**Flexible Expenses**
- Food
- Clothing
- Entertainment
- Personal Items
- Hobbies
- Credit cards
- Gifts
- Other

**Unplanned expenses**
- Emergency medical bills
- Auto break downs

**Other Issues to Discuss:**

**Financial Accounts/Banking**
- Check register page
- Checks written for bills
- Paycheck
- Deposit slip
- ATM records
- Debit cards
- Identity theft prevention
- Record keeping/Receipt saving
PROMOTING FINANCIAL LITERACY IN CHILDREN

Introduction:
This outline was developed for a reference when trying to teach children about consumer and personal finance. It is based upon an understanding of child development theories and how they impact the abstract concepts of money, especially in the virtual world we live in. It is separated by Piaget’s developmental periods and the financial principles are divided into four categories.

The information might be added to a lesson or used as a precursor to an alternative activity or community service project.

I. Promoting financial literacy in children is a matter of child development research and practice:

• Money itself you can see, but financial education involves abstract concepts that you can’t see.
• There is a right time to introduce concepts based on development.
• The secret is starting early—involve children along the way, base their involvement on age.
• Build on concepts from one age to another.
• Parents are a vital part of education, especially as a role model.

A. Jean Piaget (Swiss Biologist):
How children understand the world is connected to their cognitive development. The following are examples of how Piaget’s theories of cognitive development impacts the teaching of children about financial principles:

• Birth- 18 mos/2yrs—Sensori-motor Stage
  • Learns concept of self and can do things for themselves.
  • Learning object permanence. (This means the understanding that things are there even if you can’t see them which limits this age’s ability to understand abstract concepts such as budgeting, savings, account management)

• 2-7 yrs—Pre-operational Stage
• Connects language to objects (which relates to learning that money has value)
• Classification by single factor (which relates to understanding that money is different but serves similar purposes).
• Only sees things from their point of view (as in “I don’t have money” or “I do have money”)
• Abstract concepts must be made concrete

• **7-11 yrs—Concrete Operational Stage**
  • Thinks logically about events (such as how to spend money)
  • Classification by multiple factors (which refers to adding up different forms of money in different ways)
  • Learns conservation of number (which means the different amounts of money can look different)

• **11 yrs and older—Formal Operational Stage**
  • Thinks logically about abstract propositions (which means this is the best time to talk about things like saving money and how it can grow over time)
  • Can grasp the hypothetical (which includes how to budget including decisions to save vs spend)

B. Main concepts—Followed by examples of how to do it.

  i. **Income/Allowance**

    **Early years 2-5 yrs** (main goal is to create concrete experiences they can comprehend)
    A. Introduce monetary symbols (coins)
       -- Look at coins and point out differences.
       -- Note that children think the bigger coins have more value (bills have none.)

    B. Promote concept that things cost money.
       -- Use real money to pay for things (the “give to get” idea).
       -- Allow children to pay for small things with money you give them.
       -- Promote “pay play”....set up store situations with play money.

    C. Introduce the concept of a bank.
       -- Allow children to see you putting real money into it.
--Relate that the money you are getting from ATM or “the women in the window” is the money you put into it at an earlier time. *(Don’t be concerned with the actual amount of money, just that you do it routinely.)*

**School Age** (ages 5-12 yrs)

A. Offer work for pay at home (outside of the work for family.)
B. Offer small business projects like a lemonade stand.
C. Take children to the bank to start account in their name (only take the older child to deposit their money, younger don’t entirely get it.)
D. Garage sales can help instill that items have value to others as well as promote recycling and entrepreneurship.
E. Ask for family buy in (Grandparents and working—make sure payment is realistic for the work done. If they want to provide more money, then make it a gift on another date.)

**Teens** (13-17 yrs)

A. Encourage part time job, but be sure to promote that education is their job (such as $187.00 per day is added to lifetime earnings for every day you stay in high school*).
B. Allow teens to make their own financial purchases according to family budget for things. Just give them the money allotment and allow them to make the decisions. Parents may need to stipulate the basics they are required to purchase first (such as gym shoes and a winter coat and then back to school clothing after that.) This can happen at a second-hand store just as easily as a retail store.
C. Introduce idea of paying taxes. Explain their paychecks and what the taxes goes for (such as roads, parks, national security).
D. Encourage teen to be involved in an organization to promote work skills and finance related real world experiences. (e.g. saving money to attend a meeting; traveling to meetings and living on a budget)
E. Help teen see their strengths and possible occupations to explore. Participate in school career fairs and interest surveys to help with this connection.
Encourage teens to look at many educational options...technical schools, 2 year degree programs, apprenticeships to get the best deal for the cost. Your school counselor will be able to help with this.
ii. Savings

**Early years**
A. Start savings by using clear jar to see the coins rise. Don’t “take it to deposit” when full, just get another jar. They will not “get” the savings idea if you remove the money they can see and take it to the bank.

**School Age**
A. Promote saving part of money earned, but also why you save and what you can achieve if you save money to afford it. This is goal setting.
B. Introduce concept of donations and the rewards associated with it.
C. Take them to the bank to start their own savings account. Ask to see the vault where the money is kept.
D. Introduce the concept that once money is spent, it’s gone and ways to earn more money for other things they want.

**Teens**
A. Review family account balances with them, relate your goals (paying for needs first and then wants, savings and what it is being saved for).
B. Show teens your family budget and savings strategies.
C. Can talk about interest rates and earning money on their money.

iii. Goal Setting/Role of Credit (Spending)

**Early years**
A. This really doesn’t fit at this age developmentally speaking, but the best thing for your child is control of the family finances so their needs are taken care of.
B. Introduce taking care of things you own.

**School Age**
A. Walk the child through a small purchase like a gift for a birthday party. (Make sure you have set a reasonable limit.)
B. Discuss concept of taking care of things vs. the cost of replacing them and that means you don’t have to pay for it to be repaired or replaced, freeing money for other things.
C. Relate making purchases to the idea of needs vs wants.
   --Share what it costs to live in your present situation.
   --Talk about the role of advertising (to get you to spend, spend, spend)
D. Avoid just “giving” child money to work off later.
E. Replace “No you can’t have that” with “That is not a part of our budget because we need to spend that money on....” when items are asked for.

Teens: (Peers have a big influence on spending decisions).
A. Involve the teen in the budgeting process.
B. Allow the teen to look at making a purchase that fits their age interest (i.e. ipod, special clothing item) to learn the process of waiting.
C. Introduce the role of credit cards and loans.
   --When are credit cards good to use?
   --Talk about interest rates (paying).
D. Start looking at education after high school. Compare costs of tuition, cost of living, role of scholarships AND graduate employment rates (meaning if graduates can find jobs). Avoid making this their first interaction with spending money.

iv. Importance of Communication/Role Model

Early years
A. Doesn’t really fit developmentally for the child, BUT a parent that is financially stable has a huge impact on the child’s success.

School Age
A. Show children your filing system.
B. Allow children to be a part of your bill paying system (to watch you and your personal habits).
C. Answer questions they have and obtain answers from those you trust to have accurate answers like a banker or HCCI representative.

Teens
A. Start their own filing system for their papers. (i.e. loans, pay stubs, user manuals, sales receipts, education information.)
B. Answer questions (refer to “School Age” for more information).
C. Provide reliable information sources for purchases and not to believe everything on the internet.
D. Don’t be afraid to ask reliable sources for information yourself. Children (esp teens) know if you are bluffing. Just be honest…and get assistance.

II. Main points when working with teaching children about consumer and personal finance principles:

- Start early if you can, but do start wherever the children are.
- Parents are role models and their best teacher.
- Financial messages need to be consistent in the family.
- Saying “no” is okay but follow with an explanation to tie it to learning about financial issues.
- Ask for assistance from professionals if needed. That’s another important life lesson children need to understand—asking for advice rather than ignoring a financial problem.

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