Unit 1
Goals and Budgets

High-Intermediate and Advanced

Objectives

➢ Identify goals, including personal, family, education and material.
➢ Identify income and expenses and create a budget.
➢ Plan ways to make adjustments to income after expenses in order to achieve goals.
➢ Language and/or EFF skills practiced: plan; use math to solve problems and communicate; solve problems and make decisions; listen actively.

In this unit

Activity 1-1: What Aspirations Do You Have for the Future?
Activity 1-2: The New Restaurant Picture Story
Activity 1-3: Mohammed's Story and Comprehension
Activity 1-4: Monthly Income and Expenses and Vocabulary Check
Activity 1-5: Monthly Income and Expenses Listening Comprehension
Activity 1-6: How Can You Change Your Lifestyle to Reach Your Financial Goals?
Activity 1-7: How About You? What's Your Plan?
Final Activity: Reflection

Materials

Worksheet 1-3: Mohammed's Story and Comprehension Questions
Worksheet 1-4: Monthly Income and Expenses and Vocabulary Check
Worksheet 1-5: Listening Comprehension
Worksheet 1-6: A New Plan
Worksheet 1-7: Your Plan
Monthly Income and Expenses

Mohammed used this form to figure his income and expenses for each month.
(Note: sometimes people pay a bill once a year. You can divide the yearly bill by 12 to find out how much it is monthly.)

<table>
<thead>
<tr>
<th>Monthly Income</th>
<th>$</th>
<th>Expenses</th>
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</thead>
<tbody>
<tr>
<td>Net pay (take-home pay)* #2</td>
<td>$</td>
<td>Housing Expenses</td>
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<tr>
<td>Net pay (take-home pay)* #2</td>
<td>$</td>
<td>Rent/Mortgage</td>
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<tr>
<td>Retirement or SSI benefits</td>
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<td>Property tax/home insurance</td>
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<td>Government assistance</td>
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<td>Home maintenance/repairs</td>
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<td>Alimony/child support</td>
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<td>Gas and electricity</td>
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<tr>
<td>Other income: car detailing</td>
<td>$100</td>
<td>Water</td>
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<td>Total Monthly Income</td>
<td>$1700</td>
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<table>
<thead>
<tr>
<th>Other Expenses</th>
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<tr>
<td>Food</td>
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<td>Car loan</td>
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<td>Car insurance</td>
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<td>Car maintenance/repairs</td>
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<td>Gasoline</td>
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<td>Public transportation</td>
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<td>Credit card payments</td>
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<td>Loan payments</td>
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<td>Telephone</td>
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<tr>
<td>Cell phone</td>
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<tr>
<td>Doctors/dentists</td>
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<tr>
<td>Insurance (other than car)</td>
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</tbody>
</table>

Entertainment
1. cable television ($30)
2. restaurants & clubs ($115)
3. video rentals ($28)
4. other ($40) $213

Clothing $30

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A New Plan  
Lesson 1: Goals and Budgets  
Worksheet 1-6 page 2

### Monthly Income and Expenses

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<td>Savings account</td>
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<td>Other expenses</td>
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**Background Information for Teacher Reference**

**Literacy Level**

→ **Financial Literacy Gains Chart for Ongoing Assessment:** chart that can be used throughout Money Talks lessons to record student gains in financial literacy.

→ **Using Picture Stories:** Review Picture Story Technique: Letting the Pictures Tell the Story in the Teacher’s Guide.

**Goals and Budgets**

**High-Intermediate/ Advanced**

**Warm-up: What Aspirations Do You Have for the Future?**

1. Ask students to take another look at their "dream cloud" goals from the needs assessment activity.
2. If some students were absent for the needs assessment, ask them what they want to do/buy in the future.
3. Ask students how they think they will be able to save the money needed for the things they want to buy or do. Ask questions like
   - Do you have extra money from your paycheck after paying all your bills?
   - What do you do with extra money?
   - If you don't have any money left, is there anything you can change to have some money?
   - What can you do to save money for the future and not spend it?

**Goals and Budgets**

**High-Intermediate/ Advanced**

**The New Restaurant Picture Story**

**Materials**

Overhead 1-A: The New Restaurant Picture Story
Worksheet 1-2: The New Restaurant Picture Story

1. Let students know that today they’ll talk about how to make dreams into reality.
2. To generate vocabulary and concepts and to encourage conversation show the first picture on Overhead 1-A, The New Restaurant Picture Story. (Cover up the other pictures at this point.)
3. Ask students to describe what they see -- a restaurant where two busboys (you can call them Soo and Chen or have students name them) are dreaming about having their own restaurant someday.
4. Ask students questions like:
   a. What are they dreaming about?
   b. Do you have a dream like this?
   c. What do you need to do to open a restaurant?
   d. How long does it take to open a restaurant?
5. Uncover the rest of the picture story and tell students they will work with a partner to develop a story of what happened next in their own words.

6. Before they begin, show students how Chen's story continues on the left and Soo's story continues on the right. Show the times in the middle (year 1, 2, 3). Point out the piggy banks. Ask students to talk about what is happening in each picture and to compare and contrast what happens to Chen and to Soo over the three-year period.

7. Let students know there is no need to write out the story as this is a conversation activity. Students, however, are encouraged to write down a word or phrase for each picture to remember their versions of the story.

8. Put students into pairs, and distribute Worksheet 1-2, one per pair.

9. Conclude by having volunteers retell the story to another pair. Volunteers can also retell their story to the class.

10. **Extension:** students can write out the story in class or as homework.

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**Goals and Budgets**

**Mohammed's Story and Comprehension**

**High-Intermediate/Advanced**

**Materials**

Worksheet 1-3: Mohammed's Story and Comprehension Questions

**Warm-up:**

➢ Before students read the story, ask these questions to the class:
  1. How old were you when you came to the United States?
  2. What are you doing now?
  3. What do you want to be doing in 5 years?

**Reading:**

1. Distribute Worksheet 1-3, Mohammed's Story and Comprehension Questions, and define any new vocabulary that students will need to understand the story.

2. Ask students to read the story to themselves.

3. After they've finished, have students answer the yes/no questions on their own. When complete, have them compare answers with a partner.

4. As a class, discuss the answers.

**Answers:**

1. no          2. yes          3. no          4. yes          5. yes
Goals and Budgets
Monthly Income and Expenses and Vocabulary Check

High-Intermediate/ Advanced

Materials
Worksheet 1-4: Monthly Income and Expenses and Vocabulary Check

Warm-up:
- Talk about income and expenses students have. Ask some warm up questions such as
  - Do you have a job? More than one job?
  - How often do you get paid?
  - Do you make the same amount every month?
- Explain that this money is called “income.”
- Then discuss
  - What are some things you have to pay for each month? (i.e., rent, car loan, food, etc.)
  - Are there any other things you buy/need to pay for? (i.e., cell phone, video rental, coffee)
- Explain that these are “expenses.”

Reading:
1. Read the paragraph that follows and clarify the words in italics if your students are unfamiliar with the vocabulary. In small groups, have students make a list of Mohammed’s possible expenses (rent, cell phone, etc.).
   2. Say “Now that Mohammed has identified his goals, he wants to know the next step. He goes back to the career counselor for more advice. They read his goals together and agree that he will need money to achieve many of his goals. She gives him a form that will help him see how he spends his money right now. Figuring out your monthly income and expenses is the first step to making a budget or savings plan.”
   3. Discuss the ideas of possible expenses and make a list on the board. Brainstorm the cost for some of these items.
   4. Distribute Worksheet 1-4, Mohammed’s Monthly Income and Expenses and Vocabulary Check, and have students compare their list of expenses to the one on the worksheet. Ask students if there was anything missing from our list?
   5. Circle Mohammed’s Total Monthly Income and Total Monthly Expenses and have students do the same. Then ask them to do the math on the worksheet to determine Mohammed’s Income after Expenses. Check answers.
Answers:
Mohammed’s Total Monthly Income: $1700
Mohammed’s Total Monthly Expenses: $1486
Mohammed’s Monthly Income after Expenses: $214

Vocabulary Check Answers:
1. i  2. d  3. f  4. a  5. h  6. g  7. j  8. e  9. b

Goals and Budgets
Monthly Income and Expenses Listening Comprehension

Materials
Worksheet 1-5: Listening Comprehension
Worksheet 1-4, Mohammed’s Monthly Income and Expenses and Vocabulary Check

1. Distribute Worksheet 1-5, Listening Comprehension.
2. Ask students to look again at Worksheet 1-4 (found above), Mohammed's Monthly Income and Expenses and Vocabulary Check, and write the answers to the questions below on Worksheet 1-5.
3. Read each question only twice and allow several minutes for students to find the answer and record it.
4. Once you have read all seven questions, have students compare answers with a partner (before repeating the questions one more time).
5. Then repeat the questions once again.
6. Allow students to make changes if necessary, and review the correct answers as a whole class.

Questions
1. How much does Mohammed pay for food each month?
2. How much does Mohammed pay for his apartment each month?
3. How much does Mohammed put into his savings account each month?
4. How much does Mohammed spend on restaurants and clubs each month?
5. How much does Mohammed pay for his cell phone each month?
6. How much is Mohammed’s total monthly income?
7. How much is his net pay from the restaurant?

Answers:
1. $220  2. $475  3. $0  4. $115  5. $50  6. $1700  7. $1600
7. Next, on Worksheet 1-5, have students create three questions of their own, similar to the ones you asked above.
8. Dictate one or two that you asked as an example.
9. Have them ask their questions to a partner.

Goals and Budgets
How About You? What's Your Plan?

Materials
Worksheet 1-7: Your Plan

1. This final activity allows students to create their own financial goals plans.
2. Worksheet 1-7 includes blank forms that are resources for students to use on their own as an extension activity. (Students may want to refer back to the "dream clouds" from the needs assessment activity.) If there is time, begin working on them in class.
3. Plan an extension activity in class where students share their goals and their ideas for saving money, but be sure to allow students to keep financial information private.
Before you read
1. How old were you when you came to the United States?
2. What are you doing now?
3. What do you want to be doing in 5 years?

Mohammed’s Story

Mohammed was born in Iran. He is 23 years old. He immigrated to the United States five years ago after he finished high school. He studies English and computer skills at an adult education center in San Diego. He manages his uncle’s restaurant and details cars for extra money. He loves cars and wants to buy a sports car in the future. Right now, he drives a 1998 Nissan Sentra, and he makes repairs on it often.

He shares a two-bedroom apartment with two cousins. His cousins have loud parties almost every weekend, and many friends visit every day. Mohammed would like to have his own apartment soon because he plans to start college next fall. He wants to be an engineer in the future. He knows he will need a computer for his college studies, but he doesn’t have enough money right now. When he finishes his degree, he plans to ask his girlfriend to marry him. He would like to have a family.

Mohammed went to a career counselor at the center where he studies to get some advice. He felt he needed some help in planning his future and making his dreams come true. The career counselor suggested that he make a list, or map, of his goals as a first step.

Answer the questions about Mohammed

1. Is Mohammed married? yes no
2. Is Mohammed a student? yes no
3. Does Mohammed have a computer? yes no
4. Does Mohammed have a job? yes no
5. Does Mohammed want to move? yes no
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<tbody>
<tr>
<td>Alimony/child support</td>
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<tr>
<td>Savings account</td>
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<tr>
<td>Other expenses</td>
<td>$ 98</td>
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<tr>
<td>1. cigarettes ($80)</td>
<td></td>
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<tr>
<td>2. gym membership ($18)</td>
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<td>4.</td>
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<tr>
<td>Total Monthly Expenses</td>
<td>$1486</td>
</tr>
</tbody>
</table>
After you figure out your Total Monthly Income and Total Monthly Expenses, you can figure out how much extra money you have each month—your Income after Expenses. This is the money you can use to save for something or invest. Use the numbers from the worksheet to find Mohammed’s Income after Expenses each month.

Mohammed’s Total Monthly Income $ 
Mohammed’s Total Monthly Expenses $ 
Mohammed’s Monthly Income after Expenses $ 

Vocabulary Check
Match the words and definitions (note: there is one extra definition).

1. goal ______ a. the money you receive after taxes and deductions
2. income ______ b. to be successful and complete a goal
3. expenses ______ c. your gross pay
4. net pay ______ d. money that “comes in” to your home, usually from a job
5. income after expenses ______ e. suggestions or ideas to help you solve a problem
6. budget ______ f. the things you must pay for
7. figuring out ______ g. plan for managing your income and expenses
8. advice ______ h. the money you have after paying your expenses
9. achieve ______ i. aspiration, ambition or aim
   j. finding and analyzing
Listening Comprehension: Look at Mohammed’s Monthly Income and Expenses form and write the answers to the questions you hear from your teacher.

1. $______________________________
2. $______________________________
3. $______________________________
4. $______________________________
5. $______________________________
6. $______________________________
7. $______________________________

Write three more questions about Mohammed’s income and expenses and then ask a classmate.

1. ____________________________________________
2. ____________________________________________
3. ____________________________________________
After Mohammed figured out his **Monthly Income after Expenses**, he realized that he didn't have enough money each month to achieve his goals. He talked with his counselor and then decided to change his life a little in order to save more money each month.

He decided to develop a new budget plan. Two of the things he changed are listed below. Work with your group to add three more ways he can cut his expenses. Then, figure his new budget, using the form provided.

Mohammed will change these things:

1. He found a cheaper cellular phone plan that is $30 a month.
2. He decided to detail one more car each month and add $100 more to his income.
3. 
4. 
5. 

Write the changes on the following **Monthly Income and Expenses** form. Then, copy the expenses from the original form that you didn't change. Figure out how much Mohammed’s Monthly Income after Expenses will be with the new plan.
Mohammed’s New Total Monthly Income $____$
Mohammed’s New Total Monthly Expenses - $____$
Mohammed’s New Monthly Income after Expenses $____

High-Intermediate/Advanced Unit II: Planning for the Future
Report your group's changes to the class. Use the examples below to help you.

Examples:

“We increased his total monthly income by $100 because we thought he could detail one more car each month.”

“We reduced the cell phone bill by $20 because we thought he could find a cheaper plan.”

“We eliminated the video rentals because we thought he could just watch TV.”

“His new monthly income after expenses is $________.”

Change #1. ____________________________________________________________

Change #2. ____________________________________________________________

Change #3. ____________________________________________________________

Mohammed’s new monthly income after expenses is $__________________.
You can use this form to figure out your monthly income and expenses.

### Monthly Income and Expenses

<table>
<thead>
<tr>
<th>Monthly Income</th>
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<tbody>
<tr>
<td>Net pay (take-home pay)* #1</td>
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| Total Monthly Expenses $             | $                   |

Your new Total Monthly Income $
After you figure out your **Total Monthly Income** and **Total Monthly Expenses**, you can figure out how much extra money that you have each month—your **Income after Expenses**. This is the money that you can use to save for something or invest. Use the numbers from your worksheet to find your **Income after Expenses** for each month.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Monthly Income</td>
<td>$</td>
</tr>
<tr>
<td>Total Monthly Expenses</td>
<td>- $</td>
</tr>
<tr>
<td>Monthly Income after Expenses</td>
<td>$</td>
</tr>
</tbody>
</table>

**A New Plan**

After you figure out your **Monthly Income after Expenses**, are you happy with the amount? Would you like to have more money each month to save for a goal? What are some changes that you might make to save more money each month?

1.  
2.  
3.  
4.  
5.  

You can use the following **Monthly Income and Expenses** form to find out how much your Monthly Income after Expenses will be if you make these changes.
Your new Total Monthly Expenses  - $______
Your new Monthly Income after Expenses  $______

High-Intermediate/Advanced  Unit II: Planning for the Future
High-Intermediate and Advanced

Objectives
- Identify vocabulary and concepts related to basic banking services.
- Identify checking account services and understand related fees.
- Learn to write a check.
- Practice balancing a checkbook to avoid banking penalties.
- Language and/or EFF skills practiced: listen actively; use math to solve problems and communicate.

In this unit
Activity 2-1: What Can a Bank Do for You?
Activity 2-2: Pair Practice: Banking Terms and Services
Activity 2-3: The Advantages and Disadvantages of Using Banks and Credit Unions
Activity 2-4: Banking Transactions Role Play
Final Activity: Reflection

Materials
Overhead 2-A: The Advantages and Disadvantages of Using Banks and Credit Unions
Worksheet 2-1: What Can a Bank Do for You?
Worksheet 2-2: Banking Terms and Services
Worksheet 2-3: The Advantages and Disadvantages of Using Banks and Credit Unions

Background Information for Teacher Reference

Financial Literacy Gains Chart for Ongoing Assessment: chart that can be used throughout Money Talks lessons to record student gains in financial literacy.

Basic Banking Services
Warm-up and Presentation: What can a bank do for you?

Materials
Worksheet 2-1: What Can a Bank Do for You?

2. Open a discussion or have the class do an information grid with questions like
   - Do you have a checking or savings account in the U.S.?
   - Did you have an account in your country?
   - What is the name of a bank in your neighborhood?
   - What was the name of a bank in your country?
2. Pass out Worksheet 2-1 and ask students to read "What Can a Bank Do for You?" silently.
3. Complete the reading check and the vocabulary activity.
4. For the vocabulary activity provide students with the list of vocabulary words (see vocabulary answers below) by writing them in a scrambled order on the board.
5. Review the answers.

Answers:
A) Reading Check
   1. no 2. no 3. yes 4. yes 5. no

B) Vocabulary
   1. withdraw 2. deposit 3. interest 4. available 5. bills 6. allow
   13. fee 14. cleared

Basic Banking Services
Pair Practice: Banking Terms and Services

Materials
Worksheet 2-2: Banking Terms and Services

1. In pairs, students will ask each other the questions on “Banking Terms and Services – Pair Speaking Practice”.
2. Have pairs check answers with each other and discuss the answers as a class.
3. In pairs, complete the grammar fill-in-the-blank activity. As students complete their work, have them check their work with another pair.
4. Review answers as a class.
Answers (pair work):
1) savings account  2) cash, check, ATM (or credit card)  3) $0.50 to $4.00  
4) Answers will vary but may include  a) your money is safe  b) you can earn interest  c) it’s convenient  d) it’s a good way to save money  e) you can cash your checks for free.

Answers (grammar activity):
1. withdraw  2. cash  3. loan; pay (him) back; charge  4. deposit  5. charge

5. Talk about the difference between *can* and *have to* – the former is for ability and the latter for obligation. Use as examples some things you can do vs. have to do, such as "I can drive a car" but "I have to take the bus (because my car is in the shop)."

6. Have students refer to Worksheet 2-2, page 3, and take a look at the grammar point on *can* vs. *have to*. Be sure students understand the concept before moving on to the next activity.

7. In pairs, have students complete the chart by writing sentences with *can* vs. *have to* as they relate to banking and banking services.

<table>
<thead>
<tr>
<th>You can</th>
<th>You have to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use ATM at stores, supermarkets, and gas stations</td>
<td>Pay a fee for using an ATM (not your bank)</td>
</tr>
<tr>
<td>Get money orders and traveler’s checks from your bank</td>
<td>Pay extra for cashing a check at a check-cashing business</td>
</tr>
<tr>
<td>Call the bank to get information about your account</td>
<td>Pay interest when you get a loan from the bank</td>
</tr>
<tr>
<td>Use the internet to find out about your account</td>
<td></td>
</tr>
</tbody>
</table>
Materials

Overhead 2-A: The Advantages and Disadvantages of Using Banks and Credit Unions
Worksheet 2-3: The Advantages and Disadvantages of Using Banks and Credit Unions

1. Brainstorm responses for the first chart (Checking Accounts) as a class with Overhead 2-A.

   Return to this brainstorming activity after students finish Unit 1 of Money Talks so they can add to their initial ideas.

2. Make sure students understand the instructions, then divide the class into three groups: Savings Accounts, ATM Machines, and, Loans.

3. Give each group a copy of Overhead 2-A and ask them to circle their assigned topic at the top.

4. Have them work together and make a list.

5. Ask a representative from each group to report to the class.

Possible answers:

**Checking Accounts**

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>You don’t have to pay bills in person.</td>
<td>You don’t have as much cash available.</td>
</tr>
<tr>
<td>You don’t have to pay to cash your paycheck.</td>
<td>Some businesses don’t accept personal checks for payment.</td>
</tr>
<tr>
<td>You don’t have to keep or carry large amounts of cash.</td>
<td>Many banks charge fees for checking accounts.</td>
</tr>
</tbody>
</table>

**Loans**

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>You can buy bigger things, such as a car or house.</td>
<td>Loans can be expensive.</td>
</tr>
<tr>
<td>Loans can provide opportunities for education or training.</td>
<td>Loans increase your debt.</td>
</tr>
<tr>
<td>Loans can help you establish a credit history.</td>
<td>You might borrow (or spend) more than you can comfortably pay back.</td>
</tr>
</tbody>
</table>
Savings Accounts

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>You increase your money (by being paid interest).</td>
<td>You can’t always get your money out quickly.</td>
</tr>
<tr>
<td>Your money is safe.</td>
<td>You usually have to keep a minimum balance.</td>
</tr>
<tr>
<td>Having a savings account encourages (helps) you to save more money for the future.</td>
<td></td>
</tr>
</tbody>
</table>
Basic Banking Services
Extension: Banking Transactions Role-play

- Students can practice banking dialogues through this role-play.

Be sure to take the time needed to prepare for this activity.

Materials: (all freely available on the website)
- Bank Teller Activity Sheet
- Bank Client Activity Sheet
- Realia: Bank Cards and Photo ID
- Realia: Biggle Bucks and American Dollars
- Realia: Checks and Bills

High-Intermediate/ Advanced
Lesson 2: Introduction to Banking Services

The Advantages and Disadvantages of Using Banks and Credit Unions

<table>
<thead>
<tr>
<th>Types of Banking Service (Circle one)</th>
<th>Checking accounts</th>
<th>Savings Accounts</th>
<th>ATM</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advantages</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disadvantages</td>
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<tr>
<td>Advantages</td>
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</tr>
<tr>
<td>Disadvantages</td>
<td></td>
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</tr>
</tbody>
</table>
What Can a Bank Do for You? Lesson 2: Introduction to Banking Services
Worksheet 2-1 page 1

What Can a Bank Do for You?

In the past, when people wanted to save their money, they sometimes put it under their mattresses or in their freezers! They didn't want other people to find it. They thought their money was safe in those places. Now, most people in the United States keep money in banks or credit unions. Banks and credit unions have many services. They can help you save and manage your money.

- Savings Accounts: A savings account is a place where you put or deposit your money so that it will be safe and grow. The bank pays you money, called interest, when you save your money in one of their accounts.

- Checking Accounts: A checking account is a place where you put or deposit your money when you will need to spend it soon. You can pay your bills with checks. The bank or credit union takes the money from your account when they receive your check from a business or company.

- ATM: The ATM (Automated Teller Machine) is a machine that lets you withdraw, or take money from your checking or savings account and deposit money into an account at any time. If you use an ATM that is not from your bank, you usually have to pay for the service. It can cost from $.50 to $4.00 every time you use their ATM machines.

- ATM/Debit Card: You insert the ATM card into the ATM machine to withdraw or deposit money. You can also use the card at stores, supermarkets, gas stations, or restaurants. It is similar to a credit card or cash. Sometimes, you have to pay for the service, as you do at ATM machines.

- Loans: Banks or credit unions can loan you money. You pay the money back a little at a time. They charge you interest for the loan.

- Money Orders and Traveler's Checks: You can get money orders and traveler's checks from a bank or credit union. If you have an account, they do not charge you as much as other places do. Sometimes, they are free.

- Check-Cashing: At a bank or credit union, you do not have to pay a fee for cashiering a paycheck or any other check. Many check-cashing businesses charge 10% (of the check) or more to cash your check.
When you want to know how much money is in an account, or if a check has cleared (been paid) on your account, you can call the bank to get automated information. You can also use the Internet or the ATM to get the status of your account. Some banks allow you to transfer money from one account to another over the phone, the Internet or an ATM. There are many services available at banks or credit unions.

**Reading Check**

Do you understand? Circle yes or no.

1. If you will spend your money quickly, put it in a savings account. **yes**
2. If you use the ATM at your own bank, you have to pay a fee. **yes**
3. A credit union is similar to a bank. **yes**
4. You can get information about your bank accounts by calling the bank or by using the ATM or internet. **yes**
5. If you cash your paycheck at your own bank, you have to pay a fee. **yes**

**Vocabulary**

Write the word or words from the reading that match the definition.

**EXAMPLE:** credit union similar to a bank

1. ____________ to take money out of a bank account
2. ____________ to put money into a bank account
3. ____________ money a bank pays you for keeping your money with them, or money you pay a bank when you re-pay a loan
4. ____________ ready, or accessible
5. ____________ receipts or debts you have to pay
6. ____________ permit or let
7. ____________ require an extra payment
8. ____________ to change a check for cash
9. ____________ to place or put something into another thing
10. ____________ done by a machine
11. ____________ to give money that will be returned
12. ____________ to return money
13. ____________ a one-time cost for a service
14. ____________ check has been paid
Banking Terms and Services - Pair Speaking Practice

Work with a partner to answer the following questions. When complete, practice saying the questions and answers with your partner.

First, Student A asks Student B. Then, Student B asks Student A.

**A ask B**
1. If you want your money to grow or increase, what kind of account do you need?
2. What are three ways you can pay for your bill at the supermarket?

**B ask A**
3. How much can banks charge for using their ATM machine if you do not have an account there?
4. What are two good reasons to have a bank account?
Banking Terms and Services – Grammar Fill in the Blank Exercise

Which verb is correct? Write the correct verb in each sentence. You will use one verb twice.

withdraw  deposit  cash  loan  charge  pay back

1. Luz needs to pay her neighbor in cash for the bicycle she bought from him. She plans to go to the bank this afternoon to __________________________ the money from her savings account.

2. Mohammed's boss gave him a check for the extra work he did last week. He wants to __________________________ it immediately because he needs money for the weekend.

3. Yoko's uncle will __________________________ her the money to pay for her car insurance. She can __________________________ her uncle $20 a month. He won't ________ her interest.

4. Toan wants to __________________________ his paycheck in his checking account today because he has many bills to pay.

5. David's bank doesn't __________________________ him for traveler's checks.
Banking Terms and Services – Grammar Explanation
Expressing ability and obligation. Look at the examples and then write the correct form in the sentences below.

I
We
You
They can work this afternoon. (available to work)
He
She
It

I
We
You
have to work this afternoon. (no choice; will work)
They

He
She
has to work this afternoon. (no choice; will work)
It
Grammar Practice: Write the banking activities under “You can” or “You have to” based on the reading.

- pay a fee for using an ATM (not your bank).
- use ATM cards at stores, supermarkets and gas stations.
- get money orders and travelers’ checks from your bank.
- pay extra for cashing a check at a check-cashing business.
- call the bank to get information about your account.
- use the Internet to find out about your account.
- pay interest when you get a loan from the bank.

<table>
<thead>
<tr>
<th>You can...</th>
<th>You have to...</th>
</tr>
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<tbody>
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<td></td>
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</table>
Discussion: The Advantages and Disadvantages of using Banks and Credit Unions

Think and Discuss: What are the advantages and disadvantages of using banks and credit unions? Discuss in groups and report to the class.

### Checking Account

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>-you don’t have to pay bills in person</td>
<td>-you don’t have a lot of cash</td>
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</table>

### Savings Account

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
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</table>
### ATM

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
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<td></td>
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</table>

### Loans

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
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<td></td>
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</table>
Objectives

- Identify vocabulary and concepts related to savings account services and related fees.
- Understand eligibility requirements for opening a bank account.
- Identify how interest rates can affect money earned over time.
- Understand the importance of saving money for emergencies.
- Language and/or EFF skills practiced: read with understanding; solve problems and make decisions.

In this unit

Warm Up: Free Checking Picture Story
Activity 3-1: Shopping for a Checking Account
Activity 3-2: Basic Checking Accounts Comparison
Activity 3-3: Information Gap: Checking Accounts
Activity 3-4: Other Checking Account Basics (optional activity)
Final Activity: Reflection

Materials

Picture Story A: Free Checking Visuals
Picture Story A: Free Checking Sequencing
Worksheet 3-1: Shopping for a Checking Account
Worksheet 3-2: Basic Checking Account Comparison
Worksheet 3-3: Information Gap - Checking Accounts
Financial Literacy Gains Chart for Ongoing Assessment: chart that can be used throughout Money Talks lessons to record student gains in financial literacy.


Checking Accounts
Warm-up: Shopping for a Checking Account

Materials
Picture Story A: Free Checking Visuals
Picture Story A: Free Checking Sequencing

Preparation:
Cut up Picture Story A, Free Checking Sequencing, and put one cut up story in each envelope or plastic zip-lock bag (one per pair of students).

1. Show the Free Checking Visuals. Discuss what is going on in each picture and generate a vocabulary list.
2. Pass out visuals and have students work together (in pairs or small groups) to figure out what they think is happening in each picture.
3. Ask all pairs/groups to describe the picture to the class.
4. Pass out the envelopes (one per pair of students) and have students lay out the story panels in front of them.
5. Tell them that as you read the story aloud, they need to put the story in order.
6. Read the story once only; then, about halfway through the activity, read the story again so students can check their progress.
7. When students complete the story sequence, read the story again so students can check their work.
8. In pairs, have students retell the story in their own words, without seeing the story in print.
9. Conclude the activity by having volunteers retell the story in their own words.
Free Checking!

Alex has saved $200.00 and wants to open a checking account. He sees a sign in a bank window for a free checking account, so he goes inside to open an account. The bank employee warns him that checking accounts have many fees. She tells him to be sure to write good checks and make sure he has money in his account.

Alex loves soccer and decides to buy a big screen TV to watch matches. At an electronics store, he buys a TV for $500.00. The problem is that he doesn't have $500 in his bank account. When he sees the bank employee, she is angry and charges Alex a bounced check fee.

The next day, Alex goes to the supermarket. He writes the wrong amount on the check. Again, the bank employee is very angry and Alex feels bad. She gives Alex a list of numbers to use when he write checks. This way he won't make mistakes and be charged bank fees.

Later that day, Alex goes to a department store to buy clothes. He looks at his list of numbers. He writes a good check and doesn't incur any bank fees.

Checking Accounts
Practice Pronunciation: Shopping for a Checking Account

High-Intermediate/Advanced

Materials
Worksheet 3-1: Shopping for a Checking Account

Discuss:

- Have you ever bought a car?
- How did you pay for it? (cash, loan)
- Before you buy a car, what questions should you ask regarding paying for the car?
  Answers may include:
  - How much does the car cost?
  - What are the terms of the loan (interest rate, number of months)?
  - How much do I need to pay every month?
- Give students time to read Shopping for a Checking Account silently.
- As a whole group, summarize the reading and check comprehension.
1. Model asking the Key Questions from Worksheet 3-1 while students listen.
2. Explain to students how to use the correct intonation (rising intonation for yes/no and falling intonation for information questions) and stress (voice slightly higher on stressed words).
3. Then ask students to repeat the questions after you.
4. Call on students to check that pronunciation is comprehensible.
5. Then ask them to practice in pairs.

Checking Accounts
Information Gap: Checking Accounts

Materials
Worksheet 3-3: Information Gap: Checking Accounts

In pairs, have students complete the information gap activity on Worksheet 2-3.

Checking Accounts
Extension: Other Checking Account Basics

From the San Diego Centers for Education and Technology
Financial Literacy Lessons for ESL Students
Unit 1- Lesson 2- Checking Accounts lesson_1_intro.pdf.

I. Have students complete this worksheet about comparing checking accounts.
II. Extension: Find the same information for local banks in your area. Ask students to fill in the chart for a local bank and share the information in class. Students can compare their charts and discuss the area banks’ checking accounts.

Comparison of Checking Accounts
Free Checking Visuals
(cut each page in half)
Monthly Service Fee: $8
Overdraft Protection: No
Niced Check Fee: $15

5/30/06
Grocery Mart
$1002
60.25
SIX and 25/100

186
Checking Account Fees
Monthly Service Fee: $8
Free Checking Visuals: Sequencing Activity
Cut up & put story in order (note: these are out of order-see Answer Key in Lesson Plan)
Shopping for a Checking Account

There are many things to think about before you buy a car. It’s the same with a checking account! Banks and credit unions have different kinds of checking accounts for different kinds of customers. You need to shop around to find the best account for you. In other words, you need to evaluate accounts at different banks. They are not all the same. Before you open a checking account, it’s important to know and understand the answers to these questions:

1. What are the different services and fees?

   **Monthly Service** – Banks must take care of you and your account each month. They help you with deposits, withdrawals, checks, and other things. Most banks charge between $5-$10 each month for this basic service. Many banks will waive this fee if a specific minimum amount of money is always kept in your account, or if you have direct deposit. If your bank waives a fee, it means that you don’t have to pay it. **Direct deposit** means that your employer sends your paycheck to your bank for automatic deposit into your account.

   **Overdraft Protection** – If you write a check for more than the amount you have in your account, you will **bounce a check**. Overdraft Protection is a service that helps people avoid this mistake. With this service, if you write a check for more money than you have in your checking account, the bank will take money out of your savings account (or another account) to pay for the check. There is a small fee each time you use this service.

   If you do not have overdraft protection and you bounce a check, you must pay the bank a large fee for this mistake. Sometimes you must also pay a fee to the person who received your check. Bounced checks are a very expensive mistake and they can hurt your good credit.
Example:

You write a check to the supermarket for $17.11, but you don’t have enough money in your account to pay for the check. Your bank charges you a $15 fee for the bounced check and returns the check to the supermarket’s bank. The supermarket receives the check and charges you a $20 fee. Now you must pay the following:

- $17.11 (check amount)
- $15.00 (bank’s fee)
- $20.00 (supermarket’s fee)

Total: $52.11

See! It’s a very expensive mistake. Make sure that you have enough money in your account before you write a check.

Checks – Bank customers must order and pay for their own checks. Sometimes a bank will waive the fee for checks with a certain minimum balance.

Per Check Fee – This is a small fee that is charged for each check that you write. Most checking accounts do not have this fee, but some banks offer a special “economy” checking account for people who write very few checks each month. With this kind of account the monthly service fee is less and you can usually write about 8 checks for free. If you write more than 8 each month, the “per check fee” is usually about .50 for each check.

2. What is the minimum balance?

The minimum balance is the smallest amount of money that you can keep in your account. For many checking accounts, there is no minimum balance. Many banks will waive your monthly service fee if you keep a high minimum balance.

Some checking accounts that require a high minimum balance ($1500+) will pay you interest on the account. Interest is a small percentage of money that the bank pays you for keeping your money in their bank.
3. Is the bank convenient?
Most people think about the location and convenience before they choose a bank or credit union. You should find out if the bank has an office, or branch, near your home or workplace and what hours the bank is open.

Key Questions
Practice asking these important questions.
7. How much is the monthly service fee for a checking account?
8. What is the minimum balance for a checking account?
9. Does this bank have overdraft protection?
10. How much is the fee if I use overdraft protection?
11. Does this bank pay interest for checking accounts?
# Checking Account Comparison Chart

Look at the chart to answer the questions about the checking accounts.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Virginia Sun Bank</th>
<th>Capitol Credit Union</th>
<th>Richmond First Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Service Fee</td>
<td>$7.00 (Waived with direct deposit or $1,000 minimum balance)</td>
<td>$4.50</td>
<td>$4.00 (waived with minimum balance of $600)</td>
</tr>
<tr>
<td>Interest</td>
<td>No</td>
<td>No</td>
<td>Yes (Waived with minimum balance of $600)</td>
</tr>
<tr>
<td>Overdraft Protection</td>
<td>Yes (with savings account)</td>
<td>Yes (with bank credit card)</td>
<td>Yes (With savings account or bank credit card)</td>
</tr>
<tr>
<td>Bounced Check Fee</td>
<td>$13.00</td>
<td>$13.00</td>
<td>$16.50</td>
</tr>
</tbody>
</table>

1. Which bank has the lowest monthly fee?

2. Does Capitol Credit Union ever waive the monthly fee? If yes, when?

3. Which banks have overdraft protection?

4. How much is the fee for a bounced check at Richmond First Bank?
Chart for Student A

**Ask Student B these questions to find the missing information about the checking accounts.** Write your answers in the correct place on the chart. Don’t look at your partner’s paper!

1. What’s the monthly service fee for a checking account at Pacific Credit Union?
2. Does San Diego First Bank pay interest for a checking account?
3. How much is the fee at California Sun Bank for a bounced check?
4. Does Pacific Credit Union have overdraft protection?

<table>
<thead>
<tr>
<th>Feature</th>
<th>California Sun Bank</th>
<th>Pacific Credit Union</th>
<th>San Diego First Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Service Fee</td>
<td>$8.00 (waived with direct deposit or $1,000 minimum balance)</td>
<td>1. (waived with direct deposit)</td>
<td>$6.00 (waived with minimum balance of $600)</td>
</tr>
<tr>
<td>Interest</td>
<td>No</td>
<td>No</td>
<td>2.</td>
</tr>
<tr>
<td>Overdraft Protection</td>
<td>Yes (with savings account)</td>
<td>4.</td>
<td>Yes (with savings account or bank credit card)</td>
</tr>
<tr>
<td>Bounced Check Fee</td>
<td>$15.00</td>
<td>$17.50</td>
<td>$17.50</td>
</tr>
</tbody>
</table>
Information Gap Lesson 3: Checking Accounts

Checking Accounts Worksheet 3-3 page 2

Chart for Student B

Ask Student A these questions to find the missing information about the checking accounts. Write your answers in the correct place on the chart. Don’t look at your partner’s paper!

1. What's the monthly service fee for a checking account at San Diego First Bank?
2. Does California Sun Bank pay interest for a checking account?
3. How much is the fee at Pacific Credit Union for a bounced check?
4. Does California Sun Bank have overdraft protection?

<table>
<thead>
<tr>
<th>Feature</th>
<th>California Sun Bank</th>
<th>Pacific Credit Union</th>
<th>San Diego First Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Service Fee</td>
<td>$8.00 (waived with direct deposit or $1,000 minimum balance)</td>
<td>$5.50 (waived with direct deposit,)</td>
<td>$1.00 (waived with minimum balance of $600)</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td>No</td>
<td>Yes (with minimum balance of $1,500)</td>
</tr>
<tr>
<td>Overdraft Protection</td>
<td>Yes (with bank credit card)</td>
<td>Yes (with savings account or bank credit card)</td>
<td></td>
</tr>
<tr>
<td>Bounced Check Fee</td>
<td>$15.00</td>
<td>$17.50</td>
<td></td>
</tr>
</tbody>
</table>
Unit 4
Savings Accounts

High-Intermediate and Advanced

Objectives
- Identify simple ways to save money.
- Identify characteristics of different types of savings accounts (i.e. CDs, Money Market, etc.) and their advantages and disadvantages.
- Recommend the best account for various purposes.
- Learn to convey ideas in writing through creation of a message board posting.
- Language and/or EFF skills practiced: solve problems and make decisions; convey ideas in writing; use information and communications technology.

In this unit
Activity 4-1: Little Ways to Save
Activity 4-2: Savings Accounts: Comprehension Questions
Activity 4-3: Inside the Lives of People Living on Minimum Wage
Final Activity: Reflection

Materials
Worksheet 4-1: Savings Account Comparison
Worksheet 4-2: Savings Account Questions
Worksheet 4-3: Paying the Price Discussion Questions

Background Information for Teacher Reference

→ Financial Literacy Gains Chart for Ongoing Assessment: chart that can be used throughout Money Talks lessons to record student gains in financial literacy.

Savings Accounts
Warm-up: Little Ways to Save

Materials
Worksheet 4-1: Savings Account Comparison
Social Security Administration website

1. Talk about a simple way to save. Provide an example, such as: You spend $2.00 on coffee at Starbucks every morning before work. Show what that adds up to per month and per year—in this case, $40.00 (20 workdays x $2.00), a month and $480.00 ($40 x 12 months) a year.

2. Ask students to brainstorm a list of things they could do to save a little bit of money every day or every month.

3. Review the information on the following websites with your students:
   - What do I need to open an account?
   - Social Security numbers for non-citizens

4. Ask students who have a bank account what documentation they needed to open the account (social security number, passport, etc.).

5. Make two lists on the board, one for citizens and one for non-citizens.

6. List documentation in its appropriate column and be sure the lists contain only the documents listed in the link below.
Savings Accounts
Presentation: Little Ways to Save

Preparation for reading:
1. Write the name of the five types of accounts on the board:
   regular savings, CDs (Certificates of Deposit), special savings
   clubs, money market accounts, IRAs (Individual Retirement
   Accounts).
2. Let students know that they will read a description of each one
   and learn about the advantages and disadvantages of each one.
3. Give students an opportunity to read Savings Accounts
   (Worksheet 3-1) silently. As students complete the reading,
   they can move on to complete the comprehension True/False
   Savings Account Questions.
4. As students complete the activity, ask them to sit with a
   partner and compare answers. Go over the answers as a class.

Answers:
Regular Savings: 1. T 2. F 3. F
Certificates of Deposit: 1. F 2. T 3. F
Special Savings Clubs: 1. T 2. T 3. T
Money Market Accounts: 1. T 2. T 3. T
Individual Retirement Accounts (IRAs): 1. F 2. F 3. T

Savings Accounts
Practice and Analysis: Savings Accounts: Comprehension Questions

Materials
Worksheet 4-2: Savings Account Questions

In groups of three to five students, have students consider each scenario, decide which savings
account would be best, and describe why. Review the answers and discuss the reasons as a class.

Answers:
1) regular savings 2) CD or money market 3) special savings club

Saving Accounts
Practice and Application: Inside the Lives of People Living on Minimum Wage

Materials
Worksheet 4-3: Paying the Price Discussion Questions
Oprah Winfrey Show “Paying the Price”
The Oprah Winfrey Show "Paying the Price"

Overview:
This segment from the Oprah Winfrey Show tells the true story of a mother and daughter who are forced to leave their apartment and move to a homeless shelter after the mother suffers a wrist injury and is unable to work.

Extensions:
You can see Oprah's message board and post to it using this link: Scroll through the message board categories to find subject categories that would be appropriate and of interest to your class (for example, Money or Life Stories).

- In this activity, students will read about a real American family trying to survive on minimum wage (the first story in the series).
- The story aired on the Oprah Winfrey Show. The text is available on the Oprah web site.
- You can either print out the story for students to read or have them read it online (where they can also see pictures).

Discuss:
- In small groups, have student discuss the story.
- Pass out, “Paying the Price” Discussion Questions, which includes these questions:
  - In your country, what do people do when they lose their job and run out of money to pay their housing?
  - Do you have "homeless shelters" in your country?
  - What kind of people need to live in homeless shelters?
  - Do you think people can survive on minimum wage in the United States?
  - Do you have a minimum wage in your country? If so, what is it? If not, why?
  - In your country, what government services are provided to those living in poverty or whose income does not cover basic needs?
  - What can people do to avoid situations similar to those of the family on the Oprah Show?
  - Follow up the small group discussion with a whole group discussion touching on each discussion question.
Extension:

➢ The exercise is for students to react to what they've read or share their own experiences and post to the message boards on Oprah's website.
➢ This is an opportunity for students to compose a message and post it online for others to read.
➢ To post a message, students will need to create a user name and password.

To prepare students for the message posting activity, ask them if they:
➢ use e-mail.
➢ have ever posted a message to a chat room or group.
➢ have heard of Oprah Winfrey and/or have seen her show.
➢ Print out her picture from the web site for students to see whom you are talking about (included in unit materials).
➢ In groups, have students review several postings on the Oprah site to get a sense of what is appropriate for posting (print several out). Explain that these responses give an opinion or reaction and are usually short.

➢ Students can create their postings in a word processing program and work with other students and with you to edit and revise postings. *If computer access is limited, students may write up draft responses and share them with the class.*
➢ They can work with a partner or on their own.
➢ Once complete, encourage students to post their messages either during lab time or on their own.
➢ They can cut and paste from their word processing program or retype the message.
➢ Read classmates' postings.
Savings Accounts

Saving money is the best way to achieve your financial goals and prepare for emergencies. When you save money, you put it away and don’t touch it until you are ready.

People save money for many different reasons and goals. Some people need to save for emergencies. Others need to save for their children’s or their own education. And some people want to save to buy a special item, like a new car or house. People have different needs for saving and banks have different kinds of accounts for saving. It’s important to find an account that is good for your lifestyle and financial goals. Here are some of the different kinds of savings accounts that you can find at a bank or credit union.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Description</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| Regular savings accounts (also called pass book savings) | • You can deposit money whenever you want.  
• The bank gives you a pass book or sends you a statement that shows your balance. | • Your money earns interest.  
• You can withdraw your money at any time.  
• Your interest rate may go up if the US rate goes up.  
• You can have the money automatically withdrawn from your checking account. | • The interest rate is low.  
• You might need to keep a minimum balance.  
• Your interest rate may go down if the US rate goes down. |
| **CDs**  
(Certificates of Deposit) | • You deposit $500 or more.  
• You agree to leave the money in the bank for a special period of time (6 months to 5 years). | • Your money earns more interest than a regular savings account.  
• Your interest rate stays the same, even if the US rate goes down. | • You can’t touch your money for the special period of time.  
• If you withdraw early, you must pay a large penalty fee.  
• Your interest rate stays the same, even if the US rate goes up. |
## Savings Account Comparison Lesson 4: Savings Accounts
Worksheet 4-1 page 2

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Description</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| **Special Savings Clubs** | • You deposit the same amount of money every week or every month.  
• This account helps people save for a special purchase: a new car or a trip. | • You can put in a little money at a time.  
• You can have the money automatically withdrawn from your checking account. | • Your money will earn very little or no interest. |
| **Money Market Accounts** | • You deposit a large amount to open the account.  
• The bank pays you interest that is based on the money market.  
• You can write a few checks from this account each month. | • Your money earns more interest than regular savings account.  
• Your interest rate may go up if the US rate goes up. | • You have to keep a high minimum balance.  
• Your interest rate may go down if the US rate goes down.  
• These accounts are usually not insured. |
| **Retirement Accounts (IRAs)** | • These are special accounts that help people save for retirement.  
• You save a percentage of your monthly income. | • You don’t pay taxes on the money until you retire.  
• You can choose where the bank invests your money. | • If you withdraw money before you are 59 1/2, you must pay a penalty. |
Savings Account Questions

Read each sentence and circle T if the sentence is true and F if the sentence is false.

Regular Savings
1. You can withdraw money at any time. T F
2. Your money earns high interest. T F
3. Your interest rate stays the same. T F

Certificates of Deposit (CDs)
1. You can deposit any amount of money. T F
2. The interest rate stays the same. T F
3. You can withdraw money at any time. T F

Special Savings Clubs
1. Your money earns low interest. T F
2. Most people use this account to save for a special purchase. T F
3. You deposit money every week or every month. T F

Money Market Accounts
1. Your money earns high interest. T F
2. You have to keep a high minimum balance. T F
3. These accounts are usually not insured by the bank. T F

Individual Retirement Accounts (IRAs)
1. These accounts are good for saving for a vacation or new car. T F
2. You can withdraw your money at any time. T F
3. You don't pay taxes on the money until you retire. T F
Savings Account Questions  Lesson 4: Savings Accounts
Worksheet 4-2

Savings Account – Comprehension Questions

1. Jose and Maria are married and they have three children. Jose works at a hardware store and Maria just got a job at a supermarket. Now they have a little extra money each month, so they want to start saving. They would like to deposit approximately $100 each time they get paid, but they need to be able to use this money if they have an emergency. Which account(s) would be best for them? Why?

2. Paulo is single and owns a popular restaurant downtown. Each month he makes a lot more money than he uses and he puts this money into his checking account. Now his checking account has a very high balance. He doesn’t need to keep all of this money in his checking account. He wants to open a saving account so that he can earn interest. Which account(s) would be best for Paulo? Why?

3. Lyerka is a single mom with two children. She works full-time and puts about $200 a month into her regular savings account. She has saved almost $10,000. Summer is coming and she would like to take her kids to Disneyland for a weekend. She wants to open a special account to help her save for this trip. She can deposit about $25 from each paycheck. Which account(s) would be best for Lyerka? Why?
Paying the Price Discussion Questions

Inside the Lives of People Living on Minimum Wage

Website Links: The Oprah Winfrey Show "Paying the Price"

This discussion relates to the segment from the Oprah Winfrey show linked above. It tells the true story of a mother and daughter who are forced to leave their apartment and move to a homeless shelter after the mother suffers a wrist injury and is unable to work. It shows the importance of saving money for times when you have a loss of income.

In your country, what do people do when they lose their job and run out of money to pay their housing?

1. Do you have "homeless shelters" in your country?
2. What kind of people need to live in homeless shelters, lazy people who don't want to work?
3. Do you think people can survive on minimum wage in the United States?
4. Do you have a minimum wage in your country? If so, what is it? If not, why?
5. In your country, what government services are provided to those living in poverty or whose income does not cover basic needs?
6. What can you do to avoid getting in this situation.
Money Talks

Unit 5 Credit

High-Intermediate and Advanced

Objectives

- Learn basic vocabulary and concepts related to credit.
- Identify different ways to establish credit.
- Identify credit behaviors that categorize a person as a high or low credit risk.
- Demonstrate comprehension of the rules and vocabulary associated with credit cards.
- Determine the advantages and disadvantages of credit card offers.
- Recognize the questions that should be asked when selecting a credit card.
- Language and/or EFF skills practiced: solve problems and make decisions; read with understanding.

In this unit

Warm Up: Bad Credit - No Loan! Picture Story
Activity 5-1: What's Your Experience with Credit?
Activity 5-2: What is Credit and Why Do You Need It?
Activity 5-3: You Decide: High or Low Credit Risk
Activity 5-4: Conversation: Asking a Landlord for a Letter
Activity 5-5: Understanding Credit Card Offers and Rules
Activity 5-6: More Credit Card Terms and Offers Practice
Activity 5-7: What to Do When You Can't Pay
Final Activity: Reflection

Materials

Overhead 5-A: Listening Check
Overhead 5-B: Fine Print Chart
Warm Up Worksheet: Bad Credit - No Loan! Picture Story Sequencing
Worksheet 5-1: Experience with Credit
Worksheet 5-2: What is Credit and Why You Need It
Worksheet 5-3: You Decide: Low or High Credit Risk
Worksheet 5-4: Conversation: Asking a Landlord for a Letter
Worksheet 5-5a: Credit Card Offers
Worksheet 5-5b: What Offers Really Mean
Worksheet 5-6: More Credit Card Terms and Offers Practice
Realia: Credit Card Offer Letters

Background Information for Teacher Reference

Financial Literacy Gains Chart for Ongoing Assessment: chart that can be used throughout Money Talks lessons to record student gains in financial literacy.


Credit
Warm-up: What's Your Experience with Credit?

Materials
Worksheet 5-1: Experience with Credit

1. Have students complete the credit pre-reading questions about themselves.
2. Discuss how the pictures relate to credit.
Credit
What is Credit and Why Do You Need It?

Materials
Worksheet 5-2: What is Credit and Why Do You Need It?

1. Give students time to read to themselves about ways to establish credit in this country.
2. Have them focus on the words in bold - these may be new vocabulary words.
3. Ask students to complete the reading comprehension activity and the vocabulary check.
4. As a class, review answers.

Answers:
Part I: 2 - 3 - 1
Part II: 1. credit risk 2. credit history 3. deposit 4. secured 5. non-traditional
Vocabulary: 1. non-traditional 2. secured 3. show 4. trust 5. risk 6. utility companies 7. proving 8. establish

Credit
You Decide: High or Low Credit Risk

Materials
Worksheet 5-3: You Decide: Low or High Credit Risk

- In this activity, students read scenarios and decide whether certain individuals are a low or high credit risk.
- So that students get additional speaking practice on this topic, do this activity in pairs or in small groups.
- Students can take turns reading a scenario out loud; then, groups can discuss the scenario and come to a consensus on the answer.
- Review the answers as a class.
Answers:
1. low  2. high  3. low  4. high  5. high

*Note: Even though Luigi has good credit practices now, the unpaid student loan will categorize him as a high risk. Students should know that bad past credit activity needs to be cleared up to establish good credit again.

Wrap-up:
- Review the content in the overheads from Pages 13-15 of the practicalmoneyskills.com Credit lesson
- They contain a good explanation of what creditors look for from applicants, explained by the three C’s: character, capital, and capacity.

Credit Application: Conversation: Asking a Landlord for a Letter

Materials
- Overhead 5-A: Listening Check
- Worksheet 5-4: Conversation: Asking a Landlord for a Letter

1. Act out the conversation, “Asking a Landlord for a Letter” from Worksheet 5-4, with a student volunteer while the class listens.
2. Sit back to back to show that students cannot rely on gestures or other physical cues in a phone conversation as they might in a face-to-face conversation.
3. Present the conversation one more time.
4. Have students jot the numbers 1 through 8 on a piece of paper, and show the Listening Check activity on the overhead (have a couple of copies handy for those who may have trouble seeing the screen).
5. Allow students time to complete the yes/no answers. When complete, have students compare their answers with a partner. Do not yet supply answers.
6. Read the dialogue one more time so that students can verify the answers they’ve chosen--and discuss them again with their
7. Review the answers as a class.
8. Finally, distribute the conversation and have students practice in pairs, again, back to back or turned enough that they cannot see each other's faces.
9. Call on volunteer pairs to present the conversation.

Answers:
1. no 2. no 3. yes 4. yes 5. no 6. yes 7. no 8. yes

Credit
Understanding Credit Card Offers and Rules

Materials
Overhead 5-B: Fine Print Chart
Worksheet 5-5a: Credit Card Offers
Worksheet 5-5b: What Offers Really Mean

Warm-up:
➢ Discuss the following questions:
  o What are the names of some of the credit cards you know?
  o What do you think is the average interest rate for credit cards right now?
  o Do you have any experience using a credit card? In the U.S.? In your country?
  o What are the advantages/disadvantages of using credit cards?
  o Do you ever get offers in the mail for credit cards?

➢ Students can silently read Worksheet 5-5a, Credit Card Offers. In small groups, answer the first questions, listing the good things about the credit card offer. Answers may include: a low annual fee, no application fee, $3,000 in credit, can be used at 20 million locations, can call to get card faster.

➢ Next, discuss the "fine print" or small letters often at the end of the offer. This activity is designed to show students that sometimes a credit card offer can look great when you read it the first time or don't completely understand what it says.

➢ Show the "Visa Credit Card Terms" chart on Overhead 2-B (also at the end of Worksheet 2-5a). Say that this
vocabulary and the related numbers, amounts, and percentages are often confusing and that you'll discuss all the terms in the following activity.

- Before distributing Worksheet 5-5b, What Offers Really Mean, cut the chart into five parts for the five groups (Groups A through E). Distribute only one term (plus the two related questions) per group. For example, Group A will have the term "2.9% APR on purchases until May 1st, 2002," the explanation of the term, and the two related true/false questions that follow it.
- Have each group discuss their group's term and come up with answers to the two related true/false questions. Circulate around the room, and be sure each group has the correct answers.
- When groups have finished, distribute Worksheet 5-5b, What Offers Really Mean.
- Have a representative from each group explain what their group's term was. Have them describe what the term "said" and "what it really meant" to the class.
- After the explanation of the term, have the other groups try and answer the true/false questions of the group that is presenting.
- After several minutes, have the representative from the group that is presenting solicit each of the other group's responses and provide/explain the correct answer. (Again, be sure that each group has the correct answers to their questions before they have to present the term to the class.)
- Using Worksheet 5-5a as a reference, groups can then continue to answer the additional comprehension questions on Worksheet 5-5b and do the vocabulary matching.
- Review questions and answers as a group.
- Summarize by reviewing the questions at the bottom of Worksheet 5-5b, the questions students can ask before applying for a credit cards.

Answers: Worksheet 2-5b, What Offers Really Mean
1. false
2. true
3. false
4. true
5. false
6. true
7. false
8. true
9. true
10. false

Answers:
Comprehension Questions: 1. $29 2. 25 days 3. yes 4. 13.99 5. 20.99 6. It can go up to 23.99%.
Credit
More Credit Card Terms and Offers Practice

High-Intermediate/Advanced

Materials
Worksheet 5-6: More Credit Card Terms and Offers Practice

- Bring in some credit card offers, either from the mail or the internet, share them with students, and allow them to analyze the offers.
- Have students complete Worksheet 5-6, More Credit Terms and Offers Practice. Review the answers during the following class.

Answers: Worksheet 2-6, More Credit Terms and Offers Practice

Page 1: 1. purchases: 11.99%; balance transfers: 4% of the amount of each balance transfer, but not less than $10; cash purchases: 28.99% 2. yes (5.9%) 3. $0 (There isn't an annual fee.) 4. 20 days 5. $29
Page 3: 1. $43.00 2. $972.02 3. $60.00 4. 12.99% 5. $12.46 6. 3 7. 12/10/01

Credit
Additional Information: What to Do When You Can't Pay

- Remind students of these two things for maintaining a good credit rating from the credit lesson on practicalmoneyskills.com.
  o Cut expenses and think about what you can really pay each month.
  o Contact your creditors immediately to let them know you can't pay. Ask them to explain a plan for paying the debt.
- Then, write this information on the board for students to copy. It is for those with credit/debt problems who need advice and counseling (there is a fee for most services). Companies and agencies that are not members of the organizations below may not be legitimate and may take advantage of customers.

* The National Foundation for Consumer Credit & Debt Advice
http://www.debtadvice.org/index.html. Call 800-388-2227 (800-682-9832 in Spanish) to find the nearest office; or
* The Association of Independent Consumer Credit Counseling
* You may let students know how to get a free credit report by passing on the information in the Equifax listing in the Lesson 2 Web Links section.
Credit Reflection

- Students will write down or discuss one thing they learned in class in this unit.
- This could be a new financial concept, a new word, or a grammar point.
- Use your chart to record financial literacy gains.

High-Intermediate/Advanced

Financial Literacy Plan Sheet for Ongoing Assessment

Teacher Form (2) 1

Rank the importance of student's literacy and provide feedback on areas for improvement.

<table>
<thead>
<tr>
<th>Area</th>
<th>Rank</th>
<th>Improvement Desired</th>
<th>Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
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</tr>
</tbody>
</table>

Week 1

Week 2

Date

Teacher Notes:
Number the pictures – then tell the story in your own words.
**Listening Check: Do you understand?**

**Circle**

1. Max has credit cards.  
   - yes  
   - no  
   - yes

2. Max has a good credit history.  
   - yes  
   - no  
   - yes

3. Mr. Lawrence thinks Max has a good rental history.  
   - yes  
   - no  
   - yes

4. Mr. Lawrence will write Max a letter.  
   - yes  
   - no  
   - yes

5. The letter needs to say how long Max has lived in the U.S.  
   - yes  
   - no  
   - yes

6. The letter needs to say if Max pays his rent on time.  
   - yes  
   - no  
   - yes

7. Max wants to buy a house.  
   - yes  
   - no  
   - yes

8. Max will pick up the letter from Mr. Lawrence at 6:30.  
   - yes  
   - no  
   - yes
<table>
<thead>
<tr>
<th>Visa Credit Card Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Percentage Rates</strong></td>
</tr>
<tr>
<td><strong>Grace Period</strong></td>
</tr>
<tr>
<td><strong>Annual Fee</strong></td>
</tr>
<tr>
<td><strong>Minimum Finance Charge</strong></td>
</tr>
<tr>
<td><strong>Transaction Fee for Cash Advances</strong></td>
</tr>
<tr>
<td><strong>Transaction Fee for Balance Transfers</strong></td>
</tr>
<tr>
<td><strong>Transaction Fee for Late Payments</strong></td>
</tr>
<tr>
<td><strong>Over-the-Credit-Limit Fee</strong></td>
</tr>
</tbody>
</table>
Experience with Credit

Lesson 5: Credit

Worksheet 5-1

Before you Read:

Complete the sentences about yourself.

1. I _a_ credit card. have / don’t have

2. I _a_ credit card in my country. had / didn’t have

3. I think credit cards are good because ____________________________

4. I think credit cards are bad because ____________________________

5. I _received_ a loan in the U.S. have / haven’t

6. I _received_ a loan in my country. received / didn’t receive

What kinds of credit do these pictures represent?
What is Credit and Why You Need It

Some day, you will probably want to get a loan for a car or a house. To qualify for a large loan, you will need to have a credit history. In other words, you will need to show a history of borrowing money and paying it back. Banks and other financial institutions want to know that you are a “low risk” when they lend you money. They want to be as sure as possible that you will pay the money back. There are three principal ways to establish a credit history.

1) **Credit Cards:** If you make purchases with a credit card and always pay the money back, the bank feels confident that you will pay back other types of loans. A credit card is an excellent way to show you are a low credit risk for a bank. But, sometimes, people with no credit history in the United States have trouble getting their first credit card. If that is the case, you can get a “secured” credit card. With a secured credit card, you give the bank a deposit. Then, they are sure you will have the money to pay your credit card bill. Later, you can apply for an “unsecured” credit card. You don’t have to make a deposit.

2) **Loans:** If you have received a loan from a bank or another business and you demonstrate that you paid it back, the bank will probably trust that you will pay back other types of loans.

3) **Non-Traditional Way:** If you don’t have credit cards or loans, you can still get credit. You usually need to provide documents proving you have a stable work history, and records from your landlord and utility companies showing you pay your rent or other bills on time. If a family member or friend gave you a loan and you paid it back, you can ask them to write a letter.
Did you understand?

Choose from the vocabulary words below to complete the sentences.

credit history  credit risk  secured
non-traditional  deposit  lend

1. A low ___________________ is someone the bank believes will probably pay back a loan.
2. Your ___________________ is your record of borrowing money and paying it back.
3. A secured credit card requires a ________________.
4. If you have trouble establishing credit, it’s a good idea to get a ___________________ credit card.
5. Showing your rental history and bills is a ___________________ way of establishing credit.

Vocabulary: From the story on page 1, find synonyms (words with similar meaning) for the words below.

1. unusual, not typical ___________________
2. safe, protected ___________________
3. prove, confirm, create ___________________
4. believe ___________________
5. danger or chance ___________________
6. gas, electric and water companies ___________________
7. showing or demonstrating ___________________
You Decide: Lesson 5: Credit
Low or High Credit Risk?
Worksheet 5-3

You Decide: Low or High Credit Risk?

1. When Silvia first arrived in the United States, she worked as a babysitter for an American family. After about one year, she got very sick and had to go to the hospital. The family paid for her care in the hospital. Silvia has been paying the family $40 a month for two years.

2. Li Ping has a credit card and she uses it all the time. She owes between $500 and $1000 and pays the minimum each month. She has been late three times in the last year with her payment.

3. Mohammed came to the United States three years ago. He got a job nine months ago as an electronic assembler. Before that, he was studying English and electronics and receiving government assistance. He has lived in the same apartment for three years and always pays his rent and other bills on time.

4. Max has had a credit card for three years but he has only used it once.

5. Luigi came to the United States 20 years ago and is a permanent resident. Fifteen years ago he got a student loan to go to college, but he dropped out of school and never paid back the loan. Now, he has a credit card and always pays it off every month, and he has a good record with his other bills too.
Conversation: Asking a landlord for a letter. Listen to the conversation. Answer the questions and then practice with a partner.

Landlord: Hello.

Renter: Hello. May I speak with Mr. Lawrence please?

Landlord: Yes, this is Bob Lawrence.

Renter: Hi. This is Max from Apartment 112 on 36th Steet.

Landlord: Yes. What can I do for you?

Renter: I am applying for a loan to buy a car, and I need to show the bank I have a good record of paying my rent on time.

Landlord: Okay. But, I’m not sure I understand.

Renter: I don’t have any credit cards, but I always pay my bills on time. The bank told me to get letters to show I have a good record. Could you write me a letter?

Landlord: Yes, of course. What information do you need in the letter?

Renter: It needs to say how long I’ve lived here and that I’ve never been late with the rent.

Landlord: Is that it?

Renter: I think so.

Landlord: When do you need it?

Renter: As soon as possible. When could you have it ready?

Landlord: Tomorrow after 6:00 p.m.
Asking a Landlord for a Letter  Lesson 5: Credit
Worksheet 5-4 page 2

Renter: Can I pick it up, or will you send it to me?
Landlord: You can pick it up.
Renter: Okay, great. I'll be there around 6:30. Thank you so much.
Landlord: You're welcome. I'll see you tomorrow.
What Offers Really Mean

After you read a credit card invitation and the terms, make sure that you understand all of the vocabulary and rules. Sometimes a credit card offer will say one thing, but it means something different. Read this explanation of the vocabulary and terms from the invitation.

What Offers Really Mean

<table>
<thead>
<tr>
<th>What it says:</th>
<th>What it really means:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 2.9% APR on purchases until May 1st, 2008</td>
<td>The APR, annual percentage rate, is the average interest rate that you will pay for the whole year. 2.9% is a very good and low rate. Unfortunately, this good rate is only valid until May 1st, 2008. After that, it will increase to 13.99% or higher.</td>
</tr>
</tbody>
</table>

The interest rate in June 2008 will be 2.9%.
1. The interest rate can go higher than 13.99% in the future.
   - True
   - False

B. A low annual fee of $25

The annual fee is what you pay once a year to use the credit card. $25 is a low fee, but many credit card companies have NO annual fee.

3. The annual fee is paid one time when you first get the credit card.
   - True
   - False

4. Some credit cards do not charge an annual fee.
   - True
   - False
What is says: | What it really means:
--- | ---
C. Grace period: 25 days | The grace period is the time that the company gives you to pay off your debt without paying interest. For example, if you use your credit card to buy a new TV for $200 and you pay back the credit card company before the grace period ends, you don't have to pay interest. Most grace periods are 25-30 days.

Group C
5. You always have to pay interest when you use a credit card?
   True or False
6. A typical grace period is 45 days.
   True or False

D. Transaction Fee for Cash Advances
   When you use your credit card to get cash, this is a cash advance. There is an extra fee for cash advances. Cash advances often have a higher interest rate than purchases.

E. Over the credit limit fee: $29
   Your credit limit is the total amount of money that the credit card company will permit you to spend with your credit card. A person who receives a new credit card might have a low credit limit of $500. A person with a good credit history might have a credit limit of $10,000. If you accidentally spend more than your credit limit, you must pay a fee to the credit card company. Most fees for this are around $29.

Group E
You must pay a fee every time you spend more than your limit.
True or False
Credit limits are the same for everyone.
True or False
Read the terms on the Visa Credit Card Terms chart (on worksheet 2-5a) to answer these questions about the credit card.

1. How much is the fee if your payment arrives one day after the due date?

2. How long is the grace period for this credit card?

3. Is there an annual fee?

4. What is the interest rate for something you buy after May 1, 2008?

5. What is the interest rate for a cash advance?

6. What can happen to the interest rate if you do not follow the terms and rules of the company?
Match each vocabulary word to the best definition.

1. credit limit ____________
   A. The amount of time that you have to pay the company without interest

2. transaction fee ____________
   B. The amount of yearly interest

3. APR ______________________
   C. A yearly fee to use the credit card

4. grace period______________
   D. An extra fee for special services

5. interest _________________
   E. When you receive cash from the credit card company.

6. annual fee ________________
   F. The extra amount that you pay the company to use their card when you don’t pay the entire bill.

7. cash advance _____________
   G. The highest total amount that you can charge with your card
Credit card companies make a lot of money from the interest that customers pay them. They want your business! They will send invitations in the mail, call you on the phone, advertise on the internet, and do many other things to find new customers. Before you decide to apply for a credit card, be sure to understand and know the answers to these four important questions.

- What is the interest rate for purchases, balance transfers, and cash advances?
- Is there a special introductory rate?
- How much is the annual fee?
- How long is the grace period?
Credit Card Offers Lesson 5: Credit

Worksheet 5-5a page 1

Credit Card Offers

Many people use credit cards to pay for things when they don’t have enough cash. Others use them as a convenience so they don’t have to carry cash or a checkbook. Before you decide to get a credit card, it’s important to understand all of the rules and vocabulary. Then you can look for the credit card that is best for you.

Many credit card companies send letters to invite you to use their credit card. These letters often have offers that sound fantastic, but they usually aren’t as good as they seem! Be sure to read the invitations carefully so that you understand all of the important information.

Read the credit card offer below and then work with a partner to answer the following questions.

1. Is this a good offer? □Yes □No □I'm not sure.

2. What do you think are some of the good things about this credit card?

Note: Every credit card offer or invitation must include the terms, which are the rules and information that you need to decide if it is a good opportunity for you. This information is often written in very small letters and included on the back of the offer. This is the most important part for you to read! Read through the information below

<table>
<thead>
<tr>
<th>Visa Credit Card Terms</th>
</tr>
</thead>
</table>
| **Annual Percentage Rates** | Promotional rate of 2.9% on purchases until May 1st, 2008.  
After May 1st, 2008:  
Purchases: 13.99%  
Cash advances: 20.99%  
If you do not follow the Terms: Up to 23.99% |
| **Grace Period** | 25 days, but none on balance transfers |
| **Minimum Finance Charge** | 50 cents |
| **Transaction Fee for Cash Advances** | 3% of the amount of each cash advance, but not less than $10 |
| **Transaction Fee for Balance Transfers** | 3% of the amount of each balance transfer, but not less than $10 |
| **Transaction Fee for Late Payments** | $29 |
| **Over-the-Credit-Limit Fee** | $29 |
You are pre-approved
For our new Visa card

### 42356752980 8777083 KNBV
Marco Sanchez
8679 3rd Avenue
Los Angeles, CA 92345-4337

2.9% APR
on purchases until May 1, 2008

Dear Marco Sanchez,

You have been invited to save with a low annual fee Visa Gold card. It’s not everyday that you can get a card like this one. A card that saves money in interest and therefore gives you more cash to spend each month. Plus, it comes with a special APR of 2.9% on purchases until May 1st, 2008, and a low annual fee of only $25.

Get up to $3,000 in new credit

And you could earn more credit in just a few months. In the meantime, you can use your new card to shop anywhere that accepts Visa (more than 20 million locations).

Simply return the form below

There’s no application fee, so you send no money to apply. Just fill out the Acceptance Certificate and mail it back in the enclosed envelope. Or, if you want to receive your card faster, call us now toll-free at 1-800-678-1900.

Sincerely,

Mark Schall
Business Manager

P.S. Remember, your Visa Gold card comes to you with a special introductory APR of 2.9% on purchases until May 1, 2008 and a low annual fee of $25. Return your application or call us now so you can enjoy the benefits of your new card.
Look at the terms from this Advantage Mastercard and answer the questions.

<table>
<thead>
<tr>
<th>Advantage Master Card Terms</th>
<th>Introductory rate of 5.9 unit June 1, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Percentage Rates</td>
<td>After June 1, 2008:</td>
</tr>
<tr>
<td></td>
<td>For purchases: 11.99%</td>
</tr>
<tr>
<td></td>
<td>For cash advances: 28.99%</td>
</tr>
<tr>
<td>Grace Period</td>
<td>If you do not follow the Terms: Up to</td>
</tr>
<tr>
<td></td>
<td>23.99%</td>
</tr>
<tr>
<td>Annual Fee</td>
<td>20 days, but done on balance transfers</td>
</tr>
<tr>
<td>Minimum Finance Charge</td>
<td>None</td>
</tr>
<tr>
<td>Transaction Fee for Cash Advances</td>
<td>4% of the amount of each cash advance,</td>
</tr>
<tr>
<td></td>
<td>but not less than $10</td>
</tr>
<tr>
<td>Transaction Fee for Balance Transfers</td>
<td>4% of the amount of each balance</td>
</tr>
<tr>
<td>Transaction Fee for Late Payments</td>
<td>transfer, but not less than $10</td>
</tr>
<tr>
<td>Over-the-Credit-Limit-Fee</td>
<td>$29</td>
</tr>
</tbody>
</table>

1. What is the interest rate after June 1, 2008 for:
   purchases = ___________________________
   balance transfers = _______________________
   cash advances = _________________________

2. Is there a special introductory rate? ___________________________

3. How much is the annual fee? ___________________________

4. How long is the grace period? ___________________________

5. What is the fee for late payments? ___________________________

Reading a Credit Card Statement

When you use a credit card, you will receive a bill every month. You should read your bill carefully to be sure that the information is correct. It’s a good idea to keep the receipts from your credit card transactions until you see them on your bill. Then you can make sure that the bill has the correct information for each transaction.
Credit Card Bill

The date when the credit card company recorded or processed Olga’s credit card activity.

The date when the activity happened.

The highest total amount that Olga is allowed to charge with her card.

The date that the credit card company must receive Olga’s payment.

The total amount of money that Olga owes.

The smallest amount of money that Olga can pay for this month.

The period from the first day to the last day of this statement.

The last day of transactions that was included in this statement.

The amount of credit that Olga can borrow before she reaches her credit limit.

Everything that Olga bought or paid for.

The amount that Olga will pay for interest this month.

The total amount of money that Olga owed last month.

The interest rate Olga will pay this month.
late

232
Read this credit card bill and answer each question.
What is the smallest amount that Olga can pay this month?

1. How much does Olga owe America One Bank?
2. How much did she pay the credit card company last month?
3. What is the APR during this month?
4. How much does she owe for interest this month?
5. How many purchases did she make during this billing period?
6. When is her next payment due?
Practical Money Skills
Three C's
The three C’s

- Character
- Will you repay the debt?
- Are you honest and reliable?
- Have you used credit before?
- Do you pay your bills on time?
- Do you have a good credit report?
- Do you have character references?
- How long have you lived at your present address?
- How long have you been at your present job?
2. Capital

- What if you don’t repay the debt?
- Do you have any valuable assets?
- Do you own property?
- Do you have a savings account?
- Do you have any investments?
The three C’s

• Can you repay the debt?
• Do you earn enough income to support your credit use?
• Do you have a steady job?
• What is your salary?
• How many other debts do you have?
• What are your current living expenses?
• What are your current debts?
• How many dependents do you have?
High-Intermediate and Advanced

Objectives
- Identify different types or purposes of loans.
- Evaluate car loans based on interest rate and monthly payment.
- Ask appropriate questions in order to select a loan.
- Language and/or EFF skills practiced: use math to solve problems and communicate; cooperate with others; read with understanding.

In this unit
Activity 6-1: Loans
Activity 6-2: Do You Have BIG Dreams?
Activity 6-3: Shopping for a Loan: Samuel and Miranda's Story
Activity 6-4: Which Loan Is Best?
Activity 6-5: Pronunciation Practice
Activity 6-6: Asking the Right Questions of the Loan Officer
Activity 6-7: Filling Out a Loan Application
Final Activity: Reflection

Materials
Overhead 6-A: Which Loan is Best?
Worksheet 6-1: The Car Loan Picture Story Sequencing
Worksheet 6-2: Do You Have Big Dreams
Worksheet 6-3: Shopping for a Loan
Worksheet 6-4: Which Loan is Best?
Worksheet 6-5: Pronunciation Practice
Worksheet 6-6: Asking the Right Questions of the Loan Officer
Worksheet 6-7: Filling Out a Loan Application - Worksheet and Answer Key
Calculators
Background Information for Teacher Reference

→ Financial Literacy Gains Chart for Ongoing Assessment: chart that can be used throughout Money Talks lessons to record student gains in financial literacy.


Loans

Warm-up: Loans

Materials

Worksheet 6-1: The Car Loan Picture Story Sequencing

- Vocabulary: Use a mind map or word web to generate vocabulary from students about loans.
  1. Write “loan” in a circle and draw other circles around it.
  2. Encourage students to add related words to the outer circles.
  3. As a whole group, take a look at the words in the word web, and, if the following words did not come up, add them to the list: “interest rate,” “monthly payment,” “debt,” and “application.”
  4. Discuss the meanings of all terms.

Loans

Presentation

- Transition: Ask students if they have any loans, and ask what they are for.
- Picture Story:
  - Pass out the Worksheet 6-1, The Car Loan Picture Story Sequencing. (The story is out of order.)
  - Tell students that the pictures are out of order and that you are going to read the story in the correct order.
  - Before reading the story out loud, have students, in pairs, talk about what they think is going on in each picture.
  - Read the story out loud twice, and have students, with their partner, put the story in order (by placing numbers 1 - 10 in the box found on each picture or cutting the pictures up and putting them in order).
  - About halfway through the activity, read the story again so students can check their progress.
  - When students complete the story sequence, read the story again. Check students’ work. In pairs, have students retell the story in their own words.
Conclude the activity by having volunteers retell the story, or go around the room and have each person talk about one picture in their own words.

Extension: Students can write out the story in their own words on their own time.

The Car Loan

Marco can't afford a car, so he has to take the bus when he goes on dates with his girlfriend. She's angry because the bus is always late. He decides to save money for a down payment on a used car. After six months, he goes to a car lot called Friendly Joe's Used Cars.

He needs to get a loan, but he's confused by the loan terms. He meets with a loan officer who explains the numbers. Marco fills out a loan application and drives away in his new car.

Marco is very happy, and his girlfriend is too. But, the car breaks down on their way to their favorite Italian restaurant. The engine is smoking, and so is Marco's girlfriend!

At the repair shop, the mechanic hands Marco an estimate for the engine repair, $500. Marco is shocked. He doesn't have enough money for the repair.

The next week, Marco waits at the bus stop once again. He sees his ex-girlfriend drive by in her new boyfriend's flashy new sports car.

Wrap-up: Discuss

- If you wanted to buy a car in your country, how would you do it?
- Would you get a loan?
- What if you wanted to buy other things, like a computer, a vacation, or a home?

Loans

Reading: Do You Have BIG Dreams?

High-Intermediate/Advanced

Materials

Worksheet 6-2: Do You Have Big Dreams?

- Ask students to read to themselves and complete the reading check.
- When finished, have students compare and discuss answers with a partner.
- Review and discuss the answers as a class.
Answers:
1. no 2. yes 3. yes 4. yes 5. yes

Loans
Practice: Shopping for a Loan: Samuel and Miranda's Story

Materials
Worksheet 6-3: Shopping for a Loan

1. Look at pictures in the story and have students make predictions about what they see by asking leading questions like:
   a. What is Samuel's job?
   b. What does Samuel want to buy?
   c. What do you think Samuel and Miranda are talking about?
2. Tell students that they will read about Samuel and Miranda's story and that they will need to read carefully to answer the series of questions that follow the story.
3. Read the first question out loud to show students the type of information they will need to answer; have them pay particular attention to amounts of money stated, and suggest circling or highlighting specific items.
4. Have students briefly read to themselves all the questions so they know the purpose of their reading.
5. Have students work in groups (or pairs) to read the story, and then answer the questions. Ask students to assign roles to group members (like leader, secretary, timekeeper, presenter). This helps groups stay on task. Give students a certain amount of time to complete the activity, and circulate and visit each group or pair. Provide guidance as needed.
6. Have students move on to the vocabulary check after their group completes the questions about Samuel and Miranda.
7. For unfamiliar terms, suggest that students look at the story to decipher the meaning.
8. When everyone is finished, call on groups to offer their answers. Discuss any discrepancies.

Answers:
1. How much money have Samuel and Miranda saved together? $1200 ($100 a month for 12 months)
2. How much did Samuel save when he was single? $1680 ($40 a month for 42 months - He was working for 3 1/2 years before he got married.)
3. Now, Samuel and Miranda have ____ for a down payment. $2040 (half of $1680 = $840 + $1200)
4. What do Samuel and Miranda take home in pay each month? $2010 ($1200 + $800)
5. What are their fixed expenses each month? $1500 ($750 + $45 + $55 + $300 + $150 + $200)
6. If they save $100 per month, how much monthly income remains? $410 ($2010 - $1500 - $100)

7. What are some situations that Samuel and Miranda could encounter that would make their economic circumstances more difficult? Answers will vary but may include: 1) loss of job; 2) health problem or hospitalization; 3) having a baby, etc.

8. How much do you think they could safely spend on a car payment each month? Answers will vary, but should not be more than $200.

➢ As a class, review the vocabulary check.

Answers:
afford=f; benefits=d; down payment=e; expense=i; fee=b; gross=g; income=k; loan officer=c; monthly=a; net=h; remain=l; spend=m

Loans
Practice: Which Loan Is Best?

High-Intermediate/ Advanced

Materials
Overhead 6-A: Which Loan is Best?
Worksheet 6-4: Which Loan is Best?

➢ The story of Samuel and Miranda continues, and again students will need to read the story and answer questions.
➢ This time they will need to look at a chart.
➢ Show the first chart using an overhead, and be sure students understand how to read the chart and what the numbers mean. Talk about things like, “Is it better to get a high or low interest rate for your loan?” and explain why. Have students then read the continuation of the story, up to the point of the first chart, then as a class, with your guidance, answer the first three questions.

California Mutual Bank
➢ Which loan has the lowest monthly payment? Loan C
➢ Which loan has the lowest interest rate? Loan A
➢ Which loan has the lowest total cost? Loan A

➢ Then, have students continue in their same small group, change groups, or work in pairs to continue answering the questions.
➢ Circulate to assist groups and provide guidance. As a class, discuss answers.
* West Coast Federal Credit Union: What is best about this loan - its interest rate or its monthly payment? interest rate
* Loans 'R Us Online: What is best about this loan - its interest rate or its monthly payment? monthly payment
* Joe Friendly Used Cars: What is best about this loan - its interest rate or its monthly payment? monthly payment

➢ Have students answer questions about loans A-F.

Answers:

Loans Pronunciation Practice

Materials
Worksheet 6-5: Pronunciation Practice

➢ Have students drill the questions as pronunciation practice before moving on to the pair practice information gap exercises (next activity). Place stress (higher pitch) on the words in italics.
➢ In preparation for Activity 3-6, have students look at the Golden State Bank chart at the bottom of Worksheet 6-5. Have them ask you an appropriate question to be able to fill in an amount for each box. As a follow up, model how to say each amount (for example, "eight and a half percent"). They will need to become comfortable with saying these types of amounts for Activity 3-6.
Loans

Practice: Asking the Right Questions of the Loan Officer

Materials
Worksheet 6-6: Asking the Right Questions of the Loan Officer

- Have students complete the information-gap activity in pairs using similar questions and answers.
- For guidelines on how to conduct information gap activities and other ESOL conversation generating techniques, see Teaching ESOL: Best Practices.
- Remind students to not allow their partner to see the answers but rather to ask their partner to clarify and repeat if necessary.
- Wrap up the activity by having volunteers say the answers out loud.

Loans

Application: Filling Out a Loan Application

Materials
Worksheet 6-7: Filling Out a Loan Application: Worksheet and Answer Key

Preparation:
Students can locate most of the information for the loan application form in the lesson's reading. Provide students with the additional information needed for the form either by providing the handout, Worksheet 3-7, writing the information on the board, or by dictation. Do this first before students start to fill out the form so they know what information they will need to locate in the readings.

When finished, students can share their answers. Answers for the information students need to find is in the Answer Key. You can review this together either by using an overhead or providing student copies of a form you complete.
Loans Reflection

- Students will write down or discuss one thing they learned in class in this unit.
- This could be a new financial concept, a new word, or a grammar point.
- Use your chart to record financial literacy gains.

<table>
<thead>
<tr>
<th>Loans Name</th>
<th>Financial Literacy Gains Chart for Ongoing Assessment</th>
<th>Teacher From A/B-1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A gain has been made in credit's ability to pay (ages appropriate lines, and record any additional comments)


## Which Loan is Best?

California Mutual Bank (Samuel and Miranda’s bank)

<table>
<thead>
<tr>
<th>Loan</th>
<th>Purchase Price</th>
<th>Down Payment</th>
<th>Amount Financed</th>
<th>Length of Loan (in months)</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Total Interest to be Paid</th>
<th>Total Cost (down payment + principal + interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>36</td>
<td>7.5%</td>
<td>$249</td>
<td>$959</td>
<td>$10,959</td>
</tr>
<tr>
<td>B</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>48</td>
<td>8.25%</td>
<td>$196</td>
<td>$1420</td>
<td>$11,420</td>
</tr>
<tr>
<td>C</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>60</td>
<td>8.25%</td>
<td>$163</td>
<td>$1790</td>
<td>$11,790</td>
</tr>
</tbody>
</table>

Which loan has the lowest monthly payment?
Which loan has the lowest interest rate?
Which loan has the lowest total cost?
The Car Loan
Lesson 6: Loans
Picture Story Sequencing
Worksheet 6-1
Put the story in order. Tell the story again.
Do You Have BIG Dreams?

Do you want to buy something big? A car? A house? Do you want to start your own business? Do you want to study at the university? If you answered "yes" to any of these questions, you will probably need to get a loan. There are many types of loans:

- car loans
- home loans (also called a mortgage)
- business loans
- student loans
- personal loans (to pay for other expensive things like computers or travel)

But before you get a loan, you need to know some important information. What are the fees? What is the interest rate? What will your monthly payments be? How long will you have to make payments? Like finding the best checking or savings account, you need to shop to find the best loan for you. You will want to ask experts to help you, people like financial planners or counselors, and loan officers at a bank.

Reading Check:

Do you understand? Circle yes or no.

1. A car loan is also called a mortgage. yes no
2. A financial counselor is an example of a loan expert. yes no
3. You can get a loan to study at the university. yes no
4. You can use a personal loan to buy a computer. yes no
5. You always have to pay interest on a loan. yes no
Shopping for a Loan Lesson 6: Loans

Worksheet 6-3 page 1

Shopping for a Loan

You are going to practice shopping for a loan by helping Samuel and Miranda find a car loan. Read carefully. You will need to answer some questions about Samuel and Miranda’s savings. Read the questions first so you know what information to look for. As you read, you may want to highlight or circle information that will help you answer the questions.

Samuel and Miranda’s Story

Samuel Reyes has been living in the United States for five years. He started working after he had been here for six months. He is 26 years old and got married one year ago. When he was single, Samuel saved an average of $40 per month, and was able to save $1,680.

He and his wife do not have any children yet. Samuel is a custodian at an office building at night. He works for a company called Clean by Dawn and has been with them for three years. He makes $8.50 an hour, but he doesn’t have any benefits. In other words, his company doesn’t give him health insurance or any paid days off. His wife, Miranda, is 24 years old. She works part-time as a cashier in an electronics store called Electronics Depot, and she makes $7.75 an hour. If Samuel had a car, he could get a custodial position in the school district. He would make $10.15 an hour and receive benefits. He needs a car because custodians must travel to different schools when they are first hired.

Samuel and Miranda have been saving money for a down payment on a car or small truck. A down payment is the money you pay to the car dealer.

High-Intermediate/Advanced Unit II: Planning for the Future
Shopping for a Loan Lesson 6: Loans

Worksheet 6-3 page 2

when you purchase the car. The larger the down payment you give, the less you will have to borrow.

Since they have been married, Samuel and Miranda have been putting $100 a month for past 12 months into a special savings club to save for the down payment.

Samuel and Miranda decide to use half of Samuel’s savings for the down payment in addition to the money they have saved together.

But before they shop for a loan, they need to think about how much they can afford to pay each month. Samuel grosses about $1,400 per month, but, after taxes and insurance, his take-home pay is approximately $1,200. Miranda earns $950 per month, but her net pay is only about $810.

Samuel and Miranda have the following fixed monthly expenses: rent - $750; gas and electric - $45; telephone -- $55; food - $300; transportation -- $150; money sent to families $200.

They would also like to continue saving at least $100 a month to save for a down payment on a house.

Finally, everyone needs to have money available for "rainy days", emergencies or unexpected expenses. ("Rainy days" is an idiom which means hard or difficult times.)

Now, Samuel and Miranda are ready to shop for a loan.
As you read, write down information from the story to help you answer the comprehension questions.

<table>
<thead>
<tr>
<th>Who</th>
<th>What</th>
<th>How much</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Samuel &amp; Miranda</td>
<td>Special savings account for down payment</td>
<td>$100 for one year of marriage (12 months)</td>
<td>$1200 total</td>
</tr>
</tbody>
</table>
Comprehension Questions

1. How much money have Samuel and Miranda saved together?
   
2. How much did Samuel save when he was single?

3. Now, Samuel and Miranda have _________ for a down payment for their car or truck.

4. What do Samuel and Miranda take home in pay each month?

5. What are their fixed expenses each month?

6. If they save $100 per month, how much monthly income remains?

7. What are some things that could happen to Samuel and Miranda that would make their money situation more difficult?

8. How much do you think they could safely spend on a car payment each month?
**Vocabulary Check:** Match the vocabulary with the definition. There is one extra definition.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>can afford</td>
<td>a. every month</td>
</tr>
<tr>
<td>benefits</td>
<td>b. extra charge</td>
</tr>
<tr>
<td>down payment</td>
<td>c. bank employee who helps find loans</td>
</tr>
<tr>
<td>expense</td>
<td>d. sick leave; vacation leave; medical insurance</td>
</tr>
<tr>
<td>fee</td>
<td>e. money you pay immediately when you buy a car or house</td>
</tr>
<tr>
<td>gross</td>
<td>f. what you are able to pay</td>
</tr>
<tr>
<td>income</td>
<td>g. the total amount of your salary before taxes</td>
</tr>
<tr>
<td>loan officer</td>
<td>h. the amount you actually receive on your paycheck</td>
</tr>
<tr>
<td>monthly</td>
<td>i. the bills you must pay</td>
</tr>
<tr>
<td>net</td>
<td>j. the amount of the loan</td>
</tr>
<tr>
<td>remain</td>
<td>k. what you earn</td>
</tr>
<tr>
<td>spend</td>
<td>l. what is left</td>
</tr>
<tr>
<td></td>
<td>m. money you use or pay out</td>
</tr>
</tbody>
</table>
Which Loan is Best?

Which loan?

Samuel and Miranda decide that they will need to spend about $10,000 to get the car they want. They plan to buy a used car, but they don’t want it to be over three years old. They want it to have a warranty because they don’t want to worry about repair costs right away. They are looking at four different places for their loan. At their bank, they have three options. Then, they find a loan with a lower interest rate at a local credit union. Next, they find a loan with a low monthly payment on the internet. Finally, they ask the car dealer what he can offer.

California Mutual Bank (Samuel and Miranda’s bank)

<table>
<thead>
<tr>
<th>Loan #</th>
<th>Purchase Price</th>
<th>Down Payment</th>
<th>Amount Financed</th>
<th>Length of Loan (in months)</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Total Interest to be Paid</th>
<th>Total Cost (down payment + principal + interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>36</td>
<td>7.5%</td>
<td>$249</td>
<td>$959</td>
<td>$10,959</td>
</tr>
<tr>
<td>B</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>48</td>
<td>8.25%</td>
<td>$196</td>
<td>$1420</td>
<td>$11,420</td>
</tr>
<tr>
<td>C</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>60</td>
<td>8.25%</td>
<td>$163</td>
<td>$1790</td>
<td>$11,790</td>
</tr>
</tbody>
</table>

Which loan has the lowest monthly payment?
Which loan has the lowest interest rate?
Which loan has the lowest total cost?
Which Loan is Best?  
Lesson 6: Loans  
Worksheet 6-4 page 2  

**West Coast Federal Credit Union**

<table>
<thead>
<tr>
<th>Loan #</th>
<th>Purchase Price</th>
<th>Down Payment</th>
<th>Amount Financed</th>
<th>Length of Loan (in months)</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Total Interest to be Paid</th>
<th>Total Cost (down payment + principal + interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>36</td>
<td>6.75%</td>
<td>$246</td>
<td>$860</td>
<td>$10,860</td>
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</table>

What is best about this loan – its interest rate or its monthly payment?

**Loans ‘R Us Online**

<table>
<thead>
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<th>Loan #</th>
<th>Purchase Price</th>
<th>Down Payment</th>
<th>Amount Financed</th>
<th>Length of Loan (in months)</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Total Interest to be Paid</th>
<th>Total Cost (down payment + principal + interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>72</td>
<td>8.5%</td>
<td>$142</td>
<td>$2240</td>
<td>$12,240</td>
</tr>
</tbody>
</table>

What is best about this loan – the monthly payment or the interest rate?

**Joe Friendly Used Cars**

<table>
<thead>
<tr>
<th>Loan #</th>
<th>Purchase Price</th>
<th>Down Payment</th>
<th>Amount Financed</th>
<th>Length of Loan (in months)</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Total Interest to be Paid</th>
<th>Total Cost (down payment + principal + interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>$10,000</td>
<td>$2,000</td>
<td>$8,000</td>
<td>60</td>
<td>9.15%</td>
<td>$167</td>
<td>$1999</td>
<td>$11,999</td>
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</tbody>
</table>

What is best about this loan – the monthly payment or the interest rate?
Answer the following questions about all the loans, A - F.

5. Which loan has the lowest monthly payment?
6. Which loan has the highest monthly payment?
7. Which loan has the lowest interest rate?
8. Which loan has the highest interest rate?
9. What is the lowest total cost?
10. What is the highest total cost?

7. How many years is
   36 months? ____
   48 months? ____
   60 months? ____
   72 months? ____

8. Which loans have lower interest rates – shorter loans or longer loans?
9. Which loans have lower monthly payments – shorter loans or longer loans?

10. In groups, discuss which loan you think is best for Samuel and Miranda.

    Which one do you recommend? ________________________________

    What are your reasons for choosing this loan?

    ________________________________
    ________________________________
    ________________________________
Pronunciation Practice

Pronunciation: Practice asking these questions that you will need to ask a loan officer or financial consultant. Stress the words that are underlined.

What’s the length of the loan?
What’s the interest rate?
What’s the interest rate for a 36 month loan? (or 60, or 72, etc.)
What will my monthly payment be?
What’s the total interest I will pay on the loan?
What is the total cost of the car with interest?
Are there any additional fees?

Information Gap Warm Up Activity
Ask and answer questions about the loans.

Example. Students ask Teacher: “What is the purchase price of the car?”, etc.

Golden State Bank

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>Down Payment</th>
<th>Amount Financed</th>
<th>Length of Loan (in months)</th>
<th>Interest Rate</th>
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<th>Total Cost (down payment + principal + interest)</th>
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</table>
Asking the Right Questions of the Loan Officer (Information Gap Activity)

Teacher: ------ Cut Here -----------------------------------------------------------

Student A ask Student B

Golden State Bank

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<th>Purchase Price</th>
<th>Down Payment</th>
<th>Amount Financed</th>
<th>Length of Loan (in months)</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Total Interest to be Paid</th>
<th>Total Cost (down payment + principal + interest)</th>
<th>Fees</th>
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<tr>
<td>$8,000</td>
<td>$5,500</td>
<td></td>
<td>7.5%</td>
<td></td>
<td></td>
<td>$659</td>
<td>NONE</td>
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</tbody>
</table>

Teacher: ------ Cut Here -----------------------------------------------------------

Student B ask Student A

Golden State Bank

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>Down Payment</th>
<th>Amount Financed</th>
<th>Length of Loan (in months)</th>
<th>Interest Rate</th>
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<tbody>
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<td>$2,500</td>
<td>36</td>
<td>$171</td>
<td>$8,659</td>
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</tbody>
</table>
Filling Out a Loan Application

Loan Application: Fill out the loan application for Samuel and Miranda Reyes.

The final step in getting a loan is filling out a loan application. You can find some of the information in the story. Write it down on the application. Then, your teacher will give you the additional information you will need.

**CREDIT APPLICATION**

Check ☐ If you are applying for individual credit in your own name.

Appropriate ☐ If you are married, complete section B about your spouse.

Box ☐ If this is an application for joint credit with another person, complete all sections.

Section A. Information Regarding Applicant

<table>
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<th>LAST NAME (PRINT)</th>
<th>FIRST</th>
<th>MIDDLE INITIAL</th>
<th>BIRTH DATE</th>
<th>AGES OF DEPENDENTS</th>
<th>MARRIED</th>
<th>UNMARRIED</th>
<th>SEPARATED</th>
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<th>SOCIAL SECURITY NUMBER</th>
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<th>STATE</th>
<th>ZIP</th>
<th>HOME PHONE</th>
<th>YES</th>
<th>MOS</th>
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<th>ZIP</th>
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<th>OCCUPATION</th>
<th>PRESENT EMPLOYER</th>
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<th>CITY</th>
<th>STATE</th>
<th>ZIP</th>
<th>PHONE</th>
<th>YES</th>
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<th>ADDRESS</th>
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<th>ZIP</th>
<th>PHONE</th>
<th>YES</th>
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<table>
<thead>
<tr>
<th>IMMEDIATE RELATIVE NOT LIVING WITH APPLICANT</th>
<th>ADDRESS</th>
<th>CITY</th>
<th>STATE</th>
<th>ZIP</th>
<th>PHONE</th>
<th>RELATIONSHIP</th>
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</tbody>
</table>

INCOME: Applicant’s gross monthly income from employment

<table>
<thead>
<tr>
<th>Amount of other monthly income and source(s)</th>
<th>TOTAL MONTHLY INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

Alimony, child support, or separate income (need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.)

<table>
<thead>
<tr>
<th>Amount of other monthly income and source(s)</th>
<th>TOTAL MONTHLY INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
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</tbody>
</table>

259
### Filling Out a Loan Application Lesson 6: Loans

#### Worksheet and Answer Key

**SECTION A. Information regarding Spouse, or Co-Applicant (Use separate sheets if necessary.)**

<table>
<thead>
<tr>
<th>LAST NAME (PRINT)</th>
<th>FIRST INITIAL</th>
<th>BIRTHDATE (MM/DD/YYYY)</th>
<th>AGES OF DEPENDENTS</th>
<th>MARRIED?</th>
<th>SEPARATED?</th>
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<th>DRIVER'S LICENSE NUMBER</th>
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<table>
<thead>
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<th>ADDRESS</th>
<th>CITY</th>
<th>STATE</th>
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<th>HOME PHONE</th>
<th>HOW LONG?</th>
<th>YES MOS</th>
<th>YES MOS</th>
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<th>PREVIOUS ADDRESS (TO COVER 5 YEARS RESIDENCE)</th>
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<th>HOW LONG?</th>
<th>LIVED IN COMMUNITY?</th>
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<th>ADDRESS</th>
<th>CITY</th>
<th>STATE</th>
<th>ZIP</th>
<th>PHONE</th>
<th>HOW LONG?</th>
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<th>PHONE</th>
<th>HOW LONG?</th>
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<th>STATE</th>
<th>ZIP</th>
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<table>
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<th>RELATIONSHIP</th>
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</tbody>
</table>

**INCOME:** Joint Applicant’s gross monthly income from employment .................................................. $

Alimony, child support, or separate income (need not be revealed if you do not wish to have it considered 
as basis for repaying this obligation) .......................................................... $

Amount of other monthly income and sources(s) .................................................................................. $

**TOTAL MONTHLY INCOME** .................................................................................................................. $

---

**SECTION B. Asset and Debt Information: List all debts including Alimony, Child Support, Separate Maintenance (Use a separate page if necessary.)**

<table>
<thead>
<tr>
<th>MORTGAGE OR MORTGAGE HOLDER</th>
<th>ADDRESS</th>
<th>MORTGAGE BALANCE</th>
<th>PAYMENT OR RENT</th>
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<tbody>
<tr>
<td></td>
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</tbody>
</table>

**DATE HOME PURCHASED**

**MARKET VALUE**

**AGE OF HOME**

**PRICE PAID FOR HOME**

**2ND MORTGAGE BALANCE**

<table>
<thead>
<tr>
<th>TYPE OF CREDIT</th>
<th>COMPANY NAME</th>
<th>ACCOUNT NO.</th>
<th>BALANCE</th>
<th>MONTHLY PAYMENTS</th>
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</thead>
<tbody>
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<table>
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<th>TYPE OF CREDIT</th>
<th>COMPANY NAME</th>
<th>ACCOUNT NO.</th>
<th>BALANCE</th>
<th>MONTHLY PAYMENTS</th>
</tr>
</thead>
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<table>
<thead>
<tr>
<th>PRESENT VEHICLE FINANCED BY</th>
<th>ACCOUNT NO.</th>
<th>BALANCE</th>
<th>MONTHLY PAYMENTS</th>
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<tr>
<th>BANK REFERENCE</th>
<th>ACCOUNT NUMBER</th>
<th>BRANCH</th>
<th>CHECKING</th>
<th>SAVINGS</th>
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</table>
### HAVE YOU EVER HAD ANY PROPERTY REPOSSESSED?
- **YES**
- **NO**

### DO YOU HAVE ANY LAWSUITS PENDING AGAINST YOU?
- **YES**
- **NO**

### HAVE YOU EVER FILED BANKRUPTCY?
- **YES**
- **NO**

<table>
<thead>
<tr>
<th>PERSONAL FRIENDS KNOWN OVER ONE YEAR</th>
<th>ADDRESS</th>
<th>ZIP</th>
<th>PHONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<tr>
<td>2.</td>
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</tbody>
</table>

**INSURANCE – IF YOU WISH TO APPLY FOR VEHICLE INSURANCE IN CONNECTION WITH THIS CREDIT APPLICATION, COMPLETE THE FOLLOWING:**

<table>
<thead>
<tr>
<th>PREVIOUS INSURANCE CO. OR AGENT</th>
<th>PHONE</th>
<th>WHERE WILL VEHICLE BE GARAGED?</th>
<th>POLICY NO.</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

**HAS YOUR INSURANCE EVER BEEN CANCELED BY ANY COMPANY?**
- **YES**
- **NO**

**NO. OF INSURANCE LOSSES IN PAST 5 YEARS**
- ****

**TOTAL AMOUNT OF LOSSES**
- **$**

I, the undersigned make the above representations, which are certified correct, for the purpose of securing credit.

X

Applicant’s Signature

X

Co-Applicant’s Signature
Loan Application

In order to fill out the form for Sam and Miranda, students can locate the following information in the readings and activities in this lesson:

Section A

Applicant
- Last name: Reyes
- First name: Samuel
- Status: married
- Birth date: Story states he is 26 years old. Students can figure year.
- Occupation: custodian
- Present Employer: Clean By Dawn for 3 years
- Total Monthly Income: $1400

Section B

Spouse or Co-Applicant
- Last name: Reyes
- First name: Miranda
- Occupation: cashier
- Present Employer: Electronics Depot
- Income: $950

Section C

Assets and Debts
- Rent: $750
- Bank: California Mutual Bank, checking and savings
- Balance: $2040

Students can sign for Sam and Miranda.

If you would like, you can also dictate additional information (part or all) to students.

Section A

Driver's License Number N9482776
Soc. Sec. Number: 660-25-9711
Address: 4019 Logan Ave. #14
San Diego, CA 92113
Samuel has lived there for 5 years.
Phone Number: 619-264-5995
Previous Employer: Number 1 Cleaners

Section B

No driver's license
Soc. Sec. Number: 699-11-0407
No previous employment
Nearest Relative: Miranda's brother Jose Garcia lives in San Diego.
His phone number is 619-640-9782.

Section C

No home purchased.
Credit: Credit Card -- Sears
Account Number: 1010-5556-9321-0003
No property repossessed; No lawsuits; No Bankruptcy.
Personal Friends:
  - Mike Johnson, San Diego, 92104, 619-280-5953
  - Cruz Castro, San Diego, 92093, 858-534-8224
High-Intermediate and Advanced

Objectives
- Name four ways to increase your money through investments.
- Decide which investment is best for different situations.
- Identify advantages and disadvantages to each type of investment.
- Language and/or EFF skills practiced: plan (for the future); read with understanding; solve problems and make decisions.

In this unit
- Warm Up: The Housekeeper's Dream
- Activity 7-1: Using Your Money to Make Money: Types of Investments
- Activity 7-2: Types of Investments Comprehension Questions
- Activity 7-3: You Decide: What Investment Is Best?
- Activity 7-4: Your Plan for the Future
- Final Activity: Reflection

Materials
- Overhead 7-A: The Housekeeper's Dream Picture Story
- Overhead 7-B Pay Yourself First Chart
- Overhead 7-C Investment Pyramid
- Warm Up Worksheet: The Housekeeper's Dream Picture Story and Activities
- Worksheet 7-1: Types of Investments
- Worksheet 7-2: Comprehension Questions
- Worksheet 7-3: You Decide: What Investment is Best?
Background Information for Teacher Reference

→ Financial Literacy Gains Chart for Ongoing Assessment: chart that can be used throughout Money Talks lessons to record student gains in financial literacy.


Growing Your Money
Warm Up: The Housekeeper’s Dream

Materials
Overhead 7-A: The Housekeeper’s Dream Picture Story
Overhead 7-B: Pay Yourself First Chart
Warm-Up Worksheet: The Housekeeper’s Dream Picture Story and Activities

Before class
Print out and read through the overheads and worksheets in this activity to become familiar with simplified ways of explaining the concept of investing to students who may have little experience or knowledge of it.

Warm-up:
- Ask students if they are saving money for the future, like for education or retirement.
- Ask how many students want to save for these things or other things for the future.
- Ask them if they think it’s possible to begin saving now.
- Show the illustrations on Overhead 7-B, Pay Yourself First Chart and explain that a small amount of money saved each week and multiply over time.
- The first example shows how different amounts saved each week over a 10-year period at 5% interest (compounded).
- The second example, which relates to this lesson, shows how the same amount of money over time multiplies more rapidly as the interest rate rises.
- Ask students how they might make 8% or 12% return on their money. The answer is through investments.
- Show Overhead 7-A, The Housekeeper’s Dream Picture Story to illustrate the process of investing.
- Discuss each picture and generate vocabulary. Write down new words on the overhead.

<table>
<thead>
<tr>
<th>pay yourself first (a little can add up)</th>
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</thead>
<tbody>
<tr>
<td>example 1: Pay Yourself First Chart</td>
</tr>
<tr>
<td>$1,000 @ 5% after 10 years</td>
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<tr>
<td>1 year</td>
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<tr>
<td>2 years</td>
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<td>3 years</td>
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<td>9 years</td>
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<td>10 years</td>
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</table>
Distribute the Warm-Up Worksheet and have students look at the pictures while you read the story aloud.
Continue to page 2 of the Warm Up Worksheet, and have students read the story to themselves and do the activities on page 3.
Students may share answers when finished.

Idea for extension: Consider inviting an investment counselor from a local bank or investment firm to speak to the class. Ask to have someone who is familiar with the unique needs of immigrants.

The Housekeeper's Dream

Ayana is a housekeeper for the Happy Maids Company. She dreams about owning a cleaning company of her own. She needs $7,500 for a van and cleaning equipment.

Ayana puts money in a piggy bank at home. After she has saved $5,000, she goes to the bank and talks to an investment counselor. He says that there are many different kinds of accounts. He describes each type of account and the purpose for each type of account. After learning the interest rates and rules, Ayana decides to buy a savings bond.

In five years, her $5,000 grows to $7,500. She now has enough money to buy a van and cleaning equipment. She paints her van with the words "Ayana's Maids." Her young son Antonio helps her paint the van. They are thrilled.

Some day, Antonio will go to college, and Ayana wants to save money for his college education. She meets with the investment counselor again and says, "I have $1,000 and I can save $300 every month. What would be the best kind of account to open?" He says, "Open a 529 Education..."
Plan Account. In 10 years, you could have close to $50,000."

In 15 years, Ayana attends her son's graduation from college. She gives him a big hug and tells him, "I am very proud of you." Her son says, "I am proud of you too, mom."

Growing Your Money

Practice: Using Your Money to Make Money: Types of Investments

Materials
- Overhead 7-C: Investment Pyramid
- Worksheet 7-1: Types of Investments

- Write these four types of investments on the board: stocks, mutual funds, savings bonds, real estate.
- Discuss these terms with students. The reading will define each term, so you don't need to define the terms here. Discuss the fact that these types of investments can earn interest, or make more money.
- Ask students which types of investments they think are "safe" and which ones are "risky" or "dangerous" (could cause you to lose your money).
- Show Overhead 7-C: the Investment Pyramid. This may help students visualize that, as you go up to the top of the pyramid, you can make more on your investments, but you have an increased risk of losing your money.

Reading Activity
- Pass out Worksheet 7-1, Types of Investments. Read the first three paragraphs aloud and explain that students will do the rest of the reading in groups.
- Divide the class into four groups and assign one type of investment from the reading to each group.
- Make each group responsible for reading and answering the questions and presenting their type of investment, including the answers to the comprehension questions, to the class. If you have a multilevel class, give the more advanced students the investments types with more text.

Answers:
Stocks: 1. $2600, $600 2. $1,850, -$150 (Explain that Jose has suffered a loss and has less money than when he first invested.)
Mutual Funds: 1. $1300, $200 2. $1050, -$50
Savings Bonds: 1. $4200 2. $7750
Real Estate: 1. $450 2. $150
Growing Your Money
Types of Investments Comprehension Questions

Materials
Worksheet 7-2: Comprehension Questions

- Have students complete the worksheet and compare answers with a partner.
- Review all the answers as a group.

Answers
1. no  2. yes  3. no  4. yes  5. yes  6. no
Fill in the blank: 1. risky  2. stock  3. real estate  4. finances  5. mutual fund  6. expert

Growing Your Money
Practice: You Decide: What Investment Is Best?

Materials
Worksheet 7-3: You Decide: What Investment is Best?

- Divide students into mixed-literacy groups or pairs.
- One person in the group or pair can read the scenario aloud, or students can take turns.
- Students can consult Worksheet 7-1 to help figure out which investment is best in each of the four examples.
- Review answers as a whole group.

Answers:
1. savings bond  2. mutual funds  3. stocks  4. real estate

Growing Your Money
Application: Your Plan for the Future

- In groups of three or four, have students come up with a list of their ideas for the four best ways to make money grow over a lifetime. Give students at least 10 minutes to discuss this and circulate to be sure students are on task. Have each group offer one of their ideas. Answers will vary.
Write on the board and have students copy the list below offered by the *Oprah Winfrey Show*. The *Oprah Winfrey Show* has covered segments on financial planning and has information on its website (see Lesson 4 Web Links). This is a simplified version of the four-step plan that the show says “will put you on the road to riches”:

1. Open a retirement plan and contribute the most possible. Never touch that money.
2. Pay all personal credit-card bills before saving. Stay out of debt.
3. Save for emergencies – transportation, accidents, time off work.

In groups, ask students to discuss how this list compares with their lists. How can the steps on this list help them achieve their financial goals?

Ask for volunteers to share their lists and how they compare to Oprah’s list.

**Growing Your Money Reflection**

- Students will write down or discuss one thing they learned in class in this unit.
- This could be a new financial concept, a new word, or a grammar point.
- Use your chart to record financial literacy gains.
Growing Your Money  
High-Intermediate/Advanced  
Materials  
Picture Story  
The Housekeeper's Dreams  
Lesson 7: Growing Your Money  
Warm Up Worksheet page 1  
Talk about the pictures. Listen to the story. Learn new vocabulary.
Ayana is a housekeeper for the Happy Maids Company. She dreams about owning a cleaning company of her own. She needs $7,500 for a van and cleaning equipment.

Ayana puts money in a piggy bank at home. After she has saved $5,000, she goes to the bank and talks to an investment counselor. He says that there are many different kinds of accounts. He describes each type of account, and the purpose for each type of account. After describing the interest rates and rules, Ayana decides to open a Savings Bond.

In five years, her $5,000 grows to $7,500. She now has enough money to buy a van and cleaning equipment. She paints her van with the words “Ayana’s Maids.” Her young son Antonio helps her paint the van. They are thrilled.

Antonio someday will go to college, and Ayana wants to save money for his college education. She meets with the investment counselor again and says, “I have $1,000 and I can save $300 every month, what would be the best kind of account to open.” He says, “Open a 529 Education Plan Account. In 10 years, you could have close to $50,000.”

In 15 years, Ayana attends her son’s graduation from college. She gives him a big hug and tells him, “I am very proud of you.” Her son says, “I am proud of you too, mom.”
The Housekeeper's Dreams Lesson 7: Growing your Money
Comprehension Activities Warm Up Worksheet page 3

Are these statements true or false? Circle your answer.

T  F  1. Ayana is a housekeeper.
T  F  2. Ayana's dream is to own a restaurant.
T  F  3. Ayana decides to save money in the bank.
T  F  4. Ayana buys a van and paints her company name on it.
T  F  5. Ayana saves money for her education.
T  F  6. Antonio graduates from college.

Match Each Picture with the Correct Sentence

1. a. Ayana wants to own a cleaning company.
2. b. Ayana saves money in a piggy bank.
3. c. Ayana paints the new van.
4. d. Ayana meets with a man at the bank.
5. e. Ayana invests in an education plan.
6. f. Ayana cries at her son's graduation.
Talk about the pictures. Listen to the story. Learn new vocabulary.
Types of Investments

Growing Your Money

Growing your money, or investing, means putting your money in a place that will earn more money for you. Most people believe that you must have good and comfortable finances before you decide to invest. This means that you have enough money to pay all of your bills, money in a savings account for emergencies, and a home if that is one of your goals. Then, if you have extra income after expenses, you may want to become an investor, a person who invests money.

Investing is a good way to make more money, but sometimes it can be risky. Risky means dangerous. There are many different ways to invest, and some are more dangerous than others. Usually, the riskier investments will make more money, but there is a possibility that you might lose your money. When you put your money in a safe investment, there is a very small chance that you will lose it, but you won’t make as much money.

There are many different types of investments. Some of the more common types are described on the following pages.
Read and answer the questions about four types of investments.

**Investment Type I: Stocks**
- The investor buys parts of a company which are called “shares.”
- When the company does well, the investor makes money. If the company does badly, the investor loses money.
- Some companies will pay their employees with stocks, instead of money.
- All stocks are risky, but some are safer than others.

Last year Jose had about $2,000 that he wanted to invest. He liked the company Microwave and read about it a lot in the newspaper. He decided that buying shares of Microwave would be a good investment for him. He contacted an investment company that helped him to buy 50 shares at $40 each. Now, the shares are worth $48 each. Jose’s investment is now worth $2,400.

1. If Microwave shares are worth $52 each, how much would Jose’s investment be worth?

2. If Microwave shares are worth $37 each, how much would Jose’s investment be worth?
Investment Type 2: Mutual Funds

- A mutual fund is a group of different stocks or similar investments. Investment experts select the stocks that are included in a mutual fund. The investor buys “shares” of the fund.
- Similar to stocks, when the fund is doing well, the investors make money. But if the fund decreases, the investors lose money.
- Some mutual funds are risky, and others are safer.

Last year, Lucia wanted to invest some money. She understood stocks, but she didn’t know what stocks to buy. She preferred to have an expert choose the stocks for her. She went to her bank and asked the investment counselor to help her choose a mutual fund. They chose a fund called Equinox because the counselor thought it was a good fund without too much risk. Lucia bought 100 shares at $11 each (total investment = $1100). Now, the shares are worth $12.50 each. Her investment is worth $1250.

1. If Equinox fund shares are now worth $13 each, how much is her investment worth?

2. If Equinox fund shares are now worth $10.50 each, how much is her investment worth?
Investment Type 3: Savings Bonds

- A savings bond is issued by the U.S. government
- An investor gives money to the government and the government returns the money after a period of time with a profit.
- You can get a savings bond at most banks and you can invest as little as $25.
- Savings bonds are very safe, but the profit is not high.

Andre and Agnes wanted to invest some money for their children’s education. They were nervous about investing because they didn’t want to lose their money, but they wanted to earn more interest than a savings account. They decided to invest in a savings bond. They invested $5000 for ten years, and the interest rate when they bought the bonds was 6%. (The government determines the interest rate.) After ten years they will earn $3000. They will have a total of $8000.

(Formula: \( $5000 \times 0.06 = $300 \) a year. \( $300 \times 10 \) years = \( $3000 \). \( $5000 + $3000 = $8000 \).)

1. If Andre and Agnes invested $3000 for ten years at 6%, how much will they have at the end of the 10 years?

2. If Andre and Agnes invested $5000 for ten years at 4.5%, how much will they have?
Investment Type 4: Real Estate

- The investor makes money by buying property or buildings and renting or selling them for a profit.
- Investing in real estate is a medium to high risk.

Willem borrowed money from a bank and bought a small apartment building. He and his family live in one apartment and they rent the other three apartments for $700 each. His mortgage (loan) payment is $1800 a month. The rents pay for his loan payment each month and give his family $300 extra each month. He made a good investment in real estate.

1. If Willem rented the apartments for $750 each, how much extra money would his family have each month?

2. If Willem rented the apartments for $650 each, how much extra money would his family have each month?
Comprehension Questions

Many people choose a few different types of investments. They put some money in a safe investment and some money is a risky investment. It is a good idea to ask an investment expert (a person who knows a lot about investing) to help you decide which kind is best for you.

**Do you understand? Circle yes or no.**

1. Stocks are the safest way to invest your money. Yes No
2. The U.S. government offers savings bonds. Yes No
3. You choose the stocks in a mutual fund. Yes No
4. If a company is successful, the value of your stock increases. Yes No
5. Buying a house and renting it to a family is a real estate investment. Yes No
6. Savings bonds are very risky. Yes No

**Fill in the blank with the correct answer.**

real estate risky finances expert mutual fund stock

1. A________________________investment is dangerous.
2. When you buy a share, or part, of a company, it is called__________.
3. ________________is buying property as an investment.
4. Before you invest your money, your________________________should be comfortable.
5. A group of stocks or similar investments is a__________
6. Ask an______________to help you choose the best investment for you.
You Decide: What type of investment is best?

Choose from these four types of investments:

Stocks   Mutual Funds   Savings   Real Estate

1. Kouta just graduated from high school and he received $200 in gifts. He knows that he will need this money after college and wants to earn more interest than he can in a savings account. Which do you think is best for him?

2. Ana’s friend told her that she is making a lot of money with stocks. Ana wants to invest but feels nervous because she doesn’t know much about American businesses. She is very busy and she doesn’t have a lot of time to find information about investments. Which do you think is the best for her?

3. Rafael has a good income and savings account. His uncle died and left him $4,000. Now he has extra money to invest and would like to make a big profit. He is not worried about risk. Which investment do you think is the best for him?

4. Ken and Kim are brothers, and they own their own janitorial service company. They have free time during the day and are good at fixing things. They would like to share an investment that would give them extra income every month. They each have saved approximately $6,000. Which investment is best for them?