

# MONEY: IT'S UP TO YOU

*Save • Spend • Invest • Borrow*



# MONEY: IT'S UP TO YOU

*The money in your life can come from a variety of sources. It can come from an allowance, earnings, inheritance, or from a lottery win. Regardless of where your money comes from, once you have it there are only four things that you can do with it. You can save, spend, invest, or borrow.*

**Money: It's Up To You** has students look at ways to manage the money that they have. It makes students look at the financial choices that are available and examine the consequences of financial decisions.

*This unit examines different types of savings vehicles and investment choices that are available. Activities also explore the use of credit and the consequences of debt.*

*Activities will help students learn about basic concepts such as building wealth, spending wisely, and the importance of budgeting.*

*Interactive quizzes let students rate their risk tolerance, learn about different world currencies, and examine the use of debit cards.*

*Financial literacy is an essential life skill for people of all ages.*

**Money: It's Up To You** is intended to introduce your students to some of the concepts that surround money.

## How to use this guide

*The activities in **Money: It's Up To You** are written so that your students can work through them independently. With younger students, teachers may need to discuss some of the concepts involved before students begin the activities. Some of the activities can be completed in one class period; others require more time. Many activities require the use of the Electronic edition of Toronto Star and the Internet.*

*Activities deal with making spending choices and the importance of beginning savings at an early age. They progress through budgeting and investing to borrowing and the costs associated with credit.*

*The following are suggestions to supplement or extend the learning activities in the student booklet. Suggestions are referenced by page number and activity title as contained in the student booklet.*



## **PAGE 4** *Where Does Your Money Go?*

When working on budgeting/spending activities consider discussing the concept of 'giving', why we give, different ways to give, examples of different organizations and what they do.

## **PAGE 5** *Opportunity Cost*

*Elementary grades:* Prior to starting the activity in the student booklet, discuss the concept of 'trade-off' with students. Explain that opportunity cost is similar to this concept. When students complete the exercise in student booklet, ask students to write in their own words the definition for the concept of opportunity cost.

*Secondary grades:* Students could discuss opportunity cost of investing in post-secondary education. Direct the discussion to investing in education for future earnings; income potential and future career choice.

## **PAGE 6** *The Buy Line*

Have a class discussion on the purpose of advertising. Types of ads are seen/ where they are seen. What information would advertisers want us to know; not know? What information is usually absent from ads?

## **PAGE 6** *Best Method of Payment*

*Elementary grades:* Ask students if they know the purpose of a credit card/how it works and how it varies from a debit card.

*Secondary grades:* Explore advantages/disadvantages, conclude that sometimes credit cards might be a good payment alternative if the user is able to pay back the balance when it's due as well as earn cash back and other rewards.

## **PAGE 8** *Think About This!*

Throughout the student booklet there are statements labeled "Think about this!" The purpose of these statements is simply to have the students stop and think. These can also be used as discussion starters.

## **PAGE 8** *Making A Budget*

For secondary students this activity could be altered to include making a realistic budget for their family or for a first year post secondary school student living outside the family home.

## **PAGE 11** *Financial Advice From the Great One*

It might make for an interesting discussion to suggest that Wayne Gretzky's investment strategy of keeping his money mostly in the bank and in low risk bonds (at today's low interest rates) might work for him because his wealth is much greater than the average person. Should the average person take more risk? Why or why not?

### **PAGE 13** *What Is the Real Profit?*

The concepts of real dollars, nominal dollars and purchasing power in the activity can be confusing for some students. Before beginning this activity a class discussion about these concepts might be a good idea.

### **PAGE 14** *Prices Over Time*

This activity could be turned into a much more detailed study to include salaries as well as prices from different decades. In which time were people better off financially when we consider salary and the cost of living? Students can use the Internet to research and compile the required information.

### **PAGE 17** *Evaluate Companies That You Know*

Suggest to students that they should look at companies that make products or provide services that they know and understand.

Encourage students to do some research about the companies that they like before making their decision. Students should read the news pages as well as the business pages to see if current events might affect their stock selection.

### **PAGE 20** *Buying On Credit*

The topic of credit rating is not addressed in the student guide. It would be a good idea to discuss with your students the importance of establishing and maintaining a good credit rating.

### **PAGE 21** *Countries Go Broke Too*

Suggest that students use their access to the Electronic edition of Toronto Star to study the world economic situation and to look at bailouts for countries.

They could also focus on the issue of the "fiscal cliff" facing the Americans. Discuss how Canada fits into the world economic situation.



# Learning What's In Your Electronic Toronto Star

The Electronic edition of Toronto Star is a major source of information for students completing the activities. Use the scavenger hunt with your students so that they can become familiar with the newspaper.

## Scanning Toronto Star For Money

Use your Electronic edition of Toronto Star to find an example of each of the following. Record the page number where you found each item.

- an amount of money greater than one million dollars .....
- an interest rate greater than 10 per cent .....
- an interest rate less than 3 per cent .....
- a reference to debt .....
- a reference to credit .....
- mention of a bank .....
- mention of a credit union .....
- a reference to the Consumer Price Index (CPI) .....
- a reference to a mortgage .....
- an item related to finance that would be of interest to a retired person .....
- an item related to finance that would be of interest to people your age .....
- a reference to the Bank of Canada .....
- a reference to someone who is having difficulty with money .....
- an advertisement offering to give consumers credit .....
- a reference to O.A.C. in an advertisement .....
- a story that tells of something that may affect the cost of gasoline .....
- a job advertisement that gives a salary .....
- the rate of exchange to purchase US dollars .....
- an item that you want to buy right now .....
- an item that you want to save up to buy later .....
- a news item that might affect the stock market .....



## Websites

- Investors Education Fund - [inspirefinanciallearning.ca](http://inspirefinanciallearning.ca)
- Toronto Star [www.thestar.com](http://www.thestar.com)
- Moneyville - [www.moneyville.ca](http://www.moneyville.ca)
- Good information about investment vehicles from bonds to Exchange-Traded Funds (ETFs), for students as well as teachers is available at: <http://www.getsmarteraboutmoney.ca/en/managing-your-money/Pages/default.aspx>

## Additional Student Activities

### Changing Currencies

Where would you like to go for a holiday? Surfing in Hawaii, skiing in Switzerland, or beaching in the Barbados? Decide how much spending money you will take with you. Find the foreign exchange rates in your Electronic edition of Toronto Star.

Calculate the cost in Canadian dollars to purchase the amount of money that you will need in the country that you have chosen to visit. Follow the fluctuations in the selected currency for a two-week period.

How much money would you save if you had converted your currency at the lowest rate during this two-week period?

### To Buy or Lease

Use your Electronic edition of Toronto Star to find an advertisement for a vehicle that you like.

What is the monthly cost to lease the vehicle?

What is the cost to lease the vehicle for three years?

What is the cost to lease the vehicle for four years?

What is the cost to purchase the same vehicle outright?

What are the advantages to leasing the vehicle? What are the advantages to purchasing the vehicle?

Use a chart to show the comparisons.

## Payday Loans

Find a story in your Electronic edition of Toronto Star about payday loan companies.

How do these companies make it easy for people to borrow money?

Why do you think that people utilize companies like these?

What is the concern that some people have with payday loan companies?

What actions, if any, do you think that the government should take to regulate these companies? Discuss this with others in your class.

Write an editorial expressing your opinion on payday loans.

Before you begin writing, study several editorials in the newspaper to see how they are written.

## Government and the Economy

Use your Electronic edition of Toronto Star to investigate what the government is doing to direct the Canadian economy. Write a brief summary of your findings.

## How Can You Get To University Without Debt?

List some of the ways that you can go to university or college and avoid graduating without a lot of student debt.

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Hopefully *Money: It's Up To You* will help your students continue along the road to financial literacy.



# Ready-to-use Lesson Plans Available Online

There are several lesson plans in PDF format that you can download from the Investors Education Fund website: <http://www.inspirefinanciallearning.ca/index.php/programs/financial-literacy-in-schools/>.

Lesson plan topics are listed below.

## Elementary Lessons

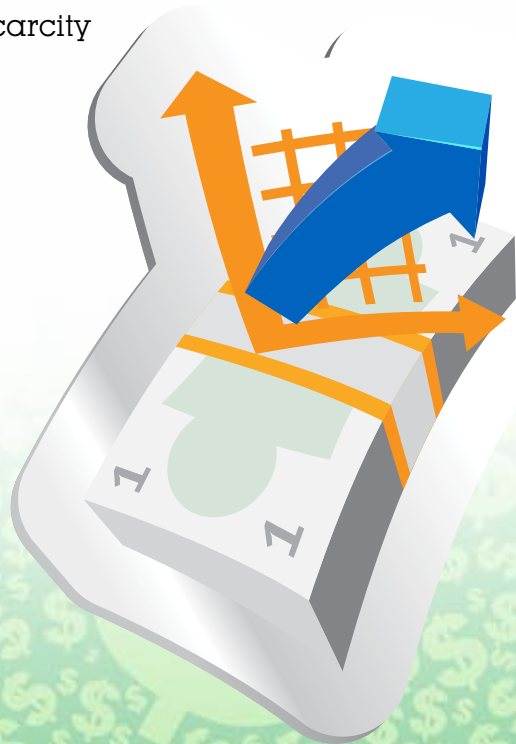
- Advertising: behind the image
- And then it happened
- Bank it
- Duct tape wallet (art edition)
- Duct tape wallet (math edition)
- Financial challenges facing Canadian workers: political cartoon
- Food banks
- HST derby
- If money grew on trees
- Making money
- Mathlete: the costs of playing sports
- Money wisdom: give me your two cents worth
- My furry friend: costs of pet ownership
- Personal budgeting 101
- Supermarket sweep
- The classroom store
- The Money dilemma: a comic strip
- Tower building on a budget
- Trading market in ancient Greece





## Secondary Lessons

- Bank ads
- Buskerfest
- Cash goes mobile
- Comparing simple and compound interest
- Forever compounding: teaching a novel study from a financial point of view
- Investment risk: how much can you handle?
- Keep your spending in check
- Making money by teaching music lessons
- Online scams and schemes
- Personal budgeting 101
- Prep my ride
- Price it right!
- The big bailout
- The cost of music piracy
- The currency match quiz
- Understanding government spending
- Value of a loonie
- What's up doc? Healthcare in Canada
- Where's my popcorn? Making sense of scarcity
- Zero-budget band



# Glossary Of Terms

## ***Appreciation***

The amount of value an item such as a home or stocks gain over time from the original purchase price.

## ***Automated teller machine (ATM)***

A specialized computer used by bank customers to manage their money, for example, to get cash, make deposits, or transfer money between accounts.

## ***Annual fee***

The fee a credit card company charges a credit card holder to use the card for a year, or the fee a lender charges a borrower for the use of a line of credit for a year.

## ***Account fee***

The amount charged by a financial institution for the services they provide in managing the account. This may also be called the monthly service charge.

## ***Bankruptcy***

To legally declare yourself unable to repay your debts. A bankruptcy usually remains on a person's credit history for up to seven years. Depending on the type of bankruptcy, it could stay on a person's credit history for up to ten years.

## ***Budget***

A method of tracking your monthly income and expenses. A written budget helps people to be better money managers and to prepare for major or unexpected expenses.

## ***Credit***

When a bank or business allows its customers to purchase goods or services on the promise of future payment.

## ***Credit card***

Any card that may be used repeatedly to borrow money or buy products and services on credit. Credit cards are issued by financial institutions, retail stores, and other businesses. A credit card offers the card holder credit that can be paid monthly with as little as the required minimum payment.

## ***Credit limit***

The maximum dollar amount the lender is willing to make available to the borrower according to the agreement between them. For example, if you have a credit card, the credit agreement will usually specify the maximum amount of money you're allowed to charge.

## ***Credit rating***

An evaluation of an individual's or business's financial history and the ability to pay debts. Lenders use this information to decide whether to approve a loan.

## ***Credit check***

A lender or landlord's inquiry at a credit bureau for the purpose of evaluating the credit history of an applicant.

## ***Credit union***

A non-profit financial institution that is owned and operated entirely by its members. Credit unions provide financial services for their members, including savings and lending. Large organizations may organize credit unions for their members, and some companies establish credit unions for their employees.

### ***Compound interest***

Compound interest is calculated on the amount of the interest earned on an investment plus the original investment. If you compound annually (every year), the interest for the second year is calculated on the original amount plus the interest made in the first year.

### ***Collateral***

Any assets of a borrower (for example, a home) that a lender has a right to take ownership of if the borrower doesn't repay the loan as agreed.

### ***Depreciation***

A loss of value in real property brought about by age, physical deterioration, functional or economic obsolescence.

### ***Debit card***

A special card issued by a bank that looks like and is treated like a credit card; however, when used, the amount of the purchase or cash advance is subtracted from the user's deposit account immediately rather than drawing on available credit.

### ***Discretionary expenses***

The purchase of goods or services, which are not essential to the buyer.

### ***Fixed expenses***

For an individual, a fixed cost is an expense that stays the same each month for a specified term such as rent or a car payment.

### ***Fiscal cliff***

The fiscal cliff is the term used to describe a series of tax increases and steep spending cuts aimed at reducing the U.S. deficit automatically set to take affect on January 1, 2013.

### ***Gross income***

The total amount of money received during a period of time in exchange for work.

### ***Interest***

The amount of money paid by a borrower to a lender in exchange for the use of the lender's money for certain period of time. For example, you earn interest from a bank if you have a savings account and you pay interest to a lender if you have a loan.

### ***Investing***

Purchasing something of value (for example, stocks, art, or real estate) with the goal of earning money over time if the value increases.

### ***Identity theft***

A criminal activity involving stealing personal information from others and forging their signatures in order to apply for credit in their names.

### ***Loan***

An agreement between a borrower and a lender, where the borrower agrees to repay money with interest over a set period of time.

### ***Net income***

For a business, the amount of money earned after all expenses and taxes. For an individual, total take-home pay after all deductions (taxes, pension, etc.). Also called after tax income or net salary.

### ***Nominal dollars***

Are not adjusted for inflation. Nominal dollars represent the actual amount of money spent or earned over a period of time.



### ***Opportunity cost***

When you make choices of what to do with your resources there are costs involved since these resources are scarce. When you use these resources for one thing, they become unusable for something else.

### ***Principal***

The total amount of money borrowed, loaned, invested, etc., not including interest or service charges.

### ***Personal identification number (PIN)***

A secret combination of letters or numbers you use to gain access to your account through an electronic device such as an ATM.

### ***Purchasing power***

Purchasing power is the amount of goods or services that can be purchased with a unit of money. For example, if you spent one dollar in a store in the 1970s, you would have been able to buy a greater number of items than you would in 2012. This

means that your money had greater purchasing power in the 1970s.

### ***Real dollars***

Take inflation into account when comparing the value of money in different years.

### ***Rule of 72***

A way to estimate the time or interest rate you would need to double your money on an investment. For example, if you have an investment that's earning 8% per year, 72 divided by 8 equals 9. This means it would take about nine years for your original investment to double.

### ***Simple Interest***

Simple interest is always calculated on the principal amount (original) amount.





Thanks to all students and teachers  
for your commitment to financial literacy.

**Now take the *Classroom Challenge!***

### What are you doing to get smarter about money?

Get creative and submit your video response.

**Win cool prizes!** Open to all grades 4 to 12 classrooms, student groups or individual students across Ontario. Competition closes November 30, 2012. Start voting December 5, 2012.



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SUMMARY RULES: No purchase necessary. Open to Ontario students in grades 4-12. To enter between Oct. 29-Nov. 30, 2012, upload a video (max. 2 min.) that responds to the question "What are you going to do to Get Smarter About Money?" Public to vote between Dec. 5-21, 2012 to determine top 5 videos in each category (grades 4-6, 7-8, 9-12) and those videos will be judged based on financial acumen, creativity and entertainment value to determine the winners. 1 Grand Prize and 2 Finalist Prizes for each category. Grand Prize is a plaque, pizza party and prize packs for winner's classroom (Total ARV: \$750). Grand Prize for grades 9-12 also includes a Funny Money presentation for winner's school (ARV: \$5,000). Finalist Prize is a plaque (ARV: \$50). To enter and for full contest rules, go to <http://www.inspirefinanciallearning.ca/index.php/competitions-and-awards/the-classroom-challenge/>.