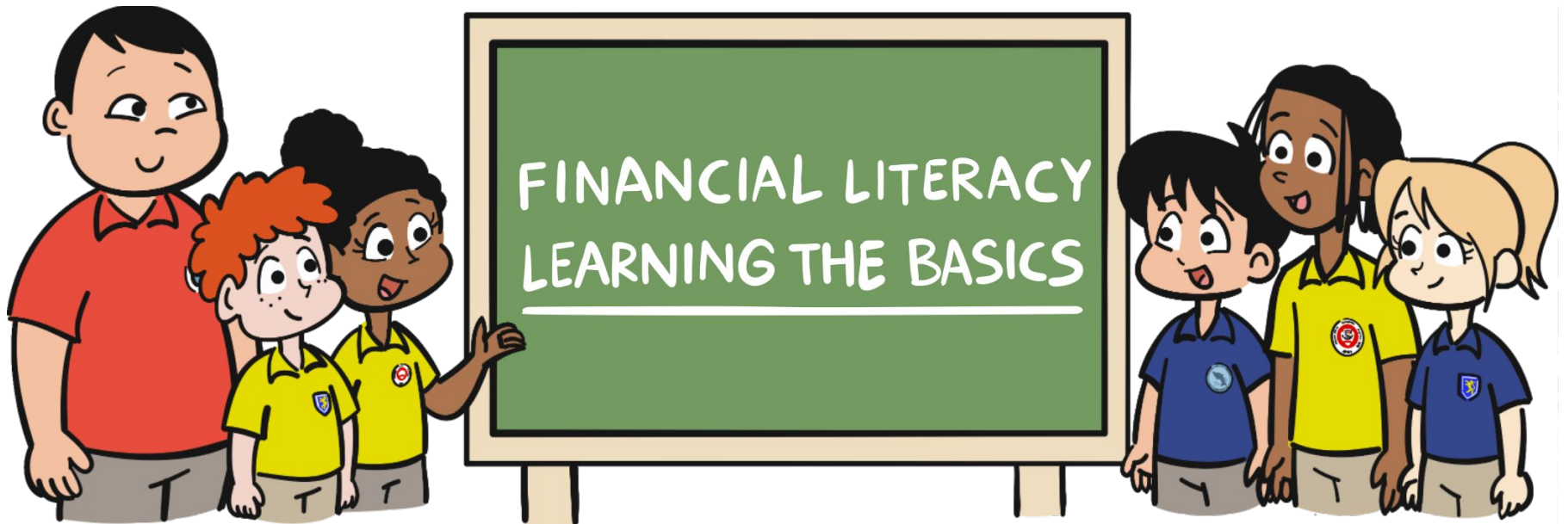




City Pay it Forward





# How to use the materials

There are 5 parts to the curriculum



Part 1

Slides

- Start each lesson by using the PowerPoint presentation as a framework
- Make sure you view the slides in

SLIDE SHOW mode only



Part 2

Practice

- Guided Practice (10 minutes)
- To do in the *middle* of the lesson
- Independent Practice (20 minutes)
- To do at the *end* of the lesson



Part 3

Lesson Plans

- Prepare, in advance, for each lesson with a comprehensive lesson plan
- Include additional activities, debate topics and inter curricular suggestions



Part 4

Videos

- Use videos to set up the Independent Practice
- Videos are embedded in the PowerPoint slides
- Access via

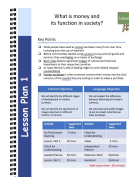
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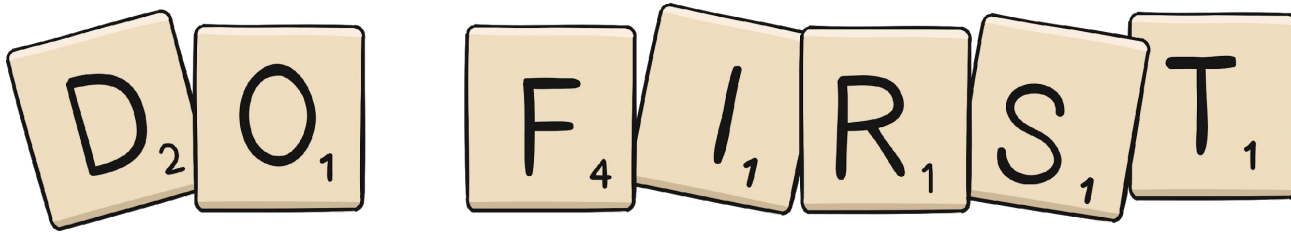


Part 5

Handouts

- Three optional handouts per lesson are provided to be used to extend the teaching in-class or as homework assignments



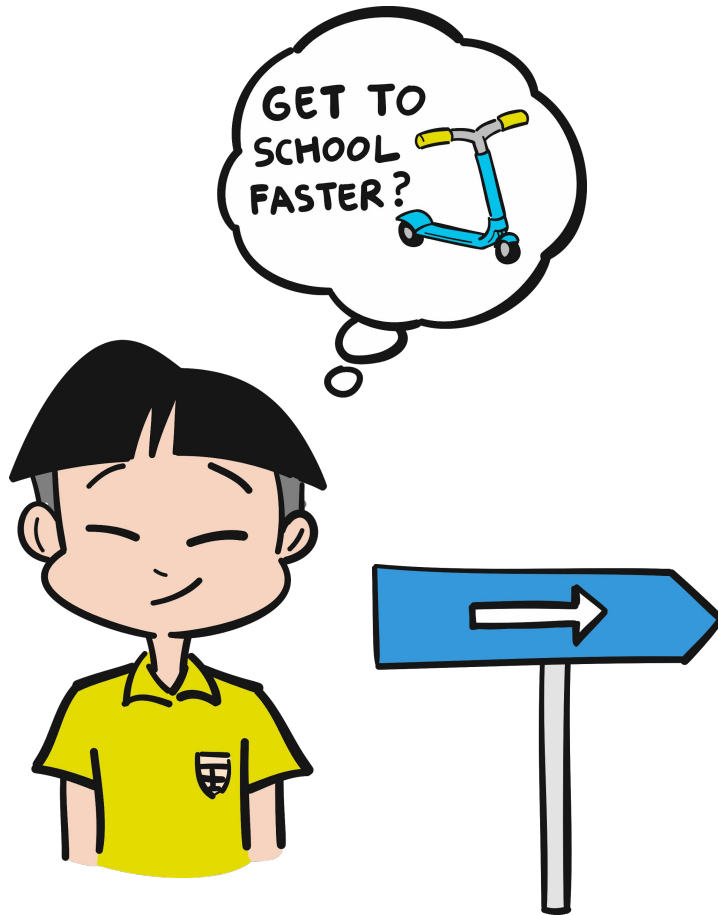


Write four complete sentences  
on the following question:

*What do you do when  
you want to buy  
something, but you  
can't afford it just  
yet?*



# When is creating a budget useful?



What if you could get to school faster using a scooter?



# Create a budget when there is a shortfall

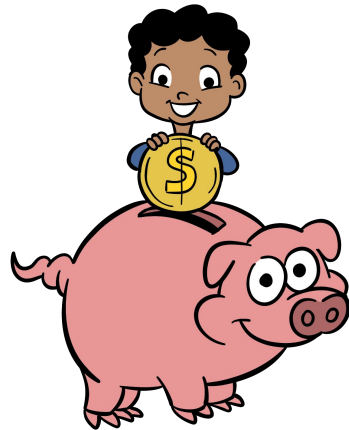
1

Determine if it is a need or want



2

How much money have I saved?



3

How much more money do I need?



4

If there is a *shortfall*, then create a budget

Need to earn some more money to buy the scooter

Budget

# Creating a budget is easy

Example of a budget

Earn and save \$5 a week

Week 1: You saved \$5 this week

Week 2:  $\$5 + \$5 = \$10$

Week 3:  $\$10 + \$5 = \$15$

**1 Week lost -- Candy**

Week 5:  $\$15 + \$5 = \$20$

Week 6:  $\$20 + \$5 = \$25$

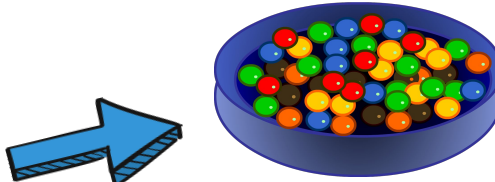
**1 Week lost -- Roblox**

Week 8:  $\$25 + \$5 = \$30$

Week 9:  $\$30 + \$5 = \$35$

**3 Weeks lost -- Movie**

Week 13:  $\$35 + \$5 = \$40$



Well done!

You created a budget and were able to buy the scooter in thirteen weeks.

**But, can you do better?**

# Which is a better budget?

## Example of a good budget

Week 1: You saved \$5  
Week 2:  $\$5 + \$5 = \$10$   
Week 3:  $\$10 + \$5 = \$15$

**1 Week lost -- Candy**

Week 5:  $\$15 + \$5 = \$20$   
Week 6:  $\$20 + \$5 = \$25$

**1 Week lost -- Roblox**

Week 8:  $\$25 + \$5 = \$30$   
Week 9:  $\$30 + \$5 = \$35$

**3 Week lost -- Movie**

Week 13:  $\$35 + \$5 =$  **\$40**

You got there in 13 weeks 

## Example of a *GREAT* budget

Week 1: You saved \$5  
Week 2:  $\$5 + \$5 = \$10$   
Week 3:  $\$10 + \$5 = \$15$   
Week 4:  $\$15 + \$5 = \$20$   
Week 5:  $\$20 + \$5 = \$25$   
Week 6:  $\$25 + \$5 = \$30$   
Week 7:  $\$30 + \$5 = \$35$   
Week 8:  $\$35 + \$5 =$  **\$40**

You got there in 8 weeks   



What's the difference between a good budget and a great budget?

# What is a trade-off?

Definition of trade-off: Choosing something over another thing but not both

When you decide to spend money, you should consider the trade-off you are making

Here are some trade-offs to think about before you spend money:

Spend or save?

New or used?

Now or later?

Spend on me or my family?

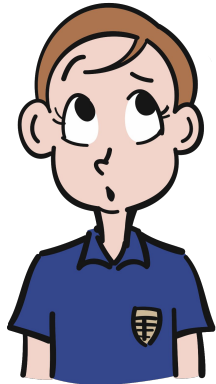
Brands or generic?

Spend or donate to charity?

# Every time you buy something, you are making a trade-off



Every time you buy an item, think carefully about the trade-off you are making



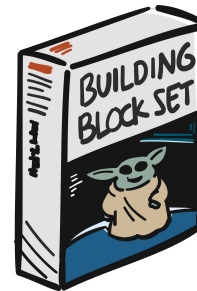
I can spend \$10 on **EITHER**



Or



I can spend \$40 on **EITHER**

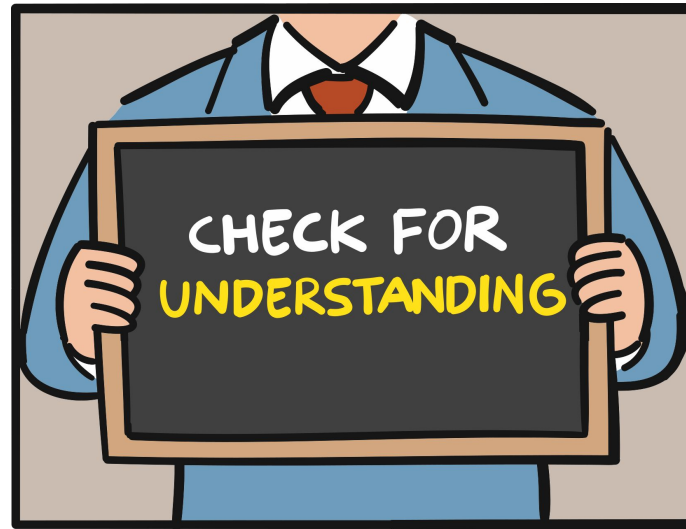


Or



You can buy this item .... **Or** .... buy that  
item

**But NOT BOTH**



*Can you think of other examples of trade-offs?*



# GUIDED PRACTICE

What is a budget?  
What is a trade-off?

Provide three examples  
of a trade-off



Use this worksheet:

## Lesson 5



GUIDED PRACTICE

A budget is an important tool when making a purchasing decision. Being diligent each week and finding ways to earn a little more money can speed things along.

When buying something, you should always consider what is the trade-off being made.



What is a budget?

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What is a trade-off? Provide three examples

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# What is debt?

Debt is when someone borrows money (gets a loan) from a bank or a person. Each month, interest has to be paid. The whole amount must be repaid at the end of the loan

Example: A small business owner takes out a loan (borrows money) from a bank to start a new coffee shop



## KEY WORDS

- How much you borrowed ..... **Principal**
- How much interest you will pay ..... **Interest Rate**
- When you need to repay the ..... **Repayment Date**  
borrowed money



# Different forms of debt?

There are many forms of debt



Bank loans



Mortgages



Student loans



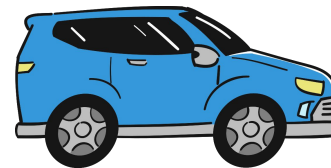
Payday loans



Medical debt



Credit card debt



Auto loans/leases

# What's the difference?

## Credit Card



Limited by the amount  
the bank lends you



## Debit Card



Limited by the money  
in your bank account



# Using credit cards

How do you pay with a credit card?

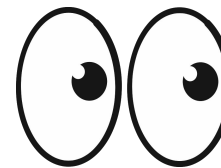


Present the card at the cash register



Use a card registered on a smartphone

There are different types of credit cards to choose from



Credit cards are a form of DEBT and are only offered to people over 18 years or older

**BE A SAVVY CONSUMER**

Savvy consumers always shop around for the best deals even when getting a credit card

# Spending made easy but beware!

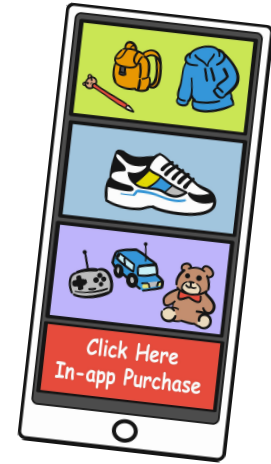
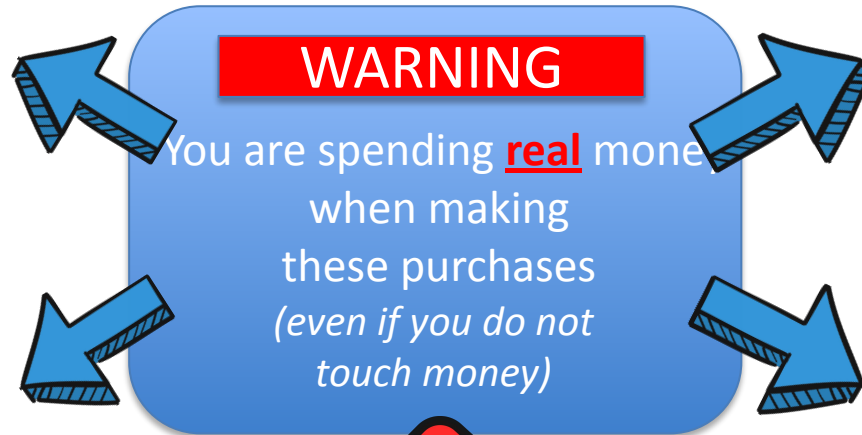


Purchasing on the internet



Purchasing via contactless payment

Cashless payment:  
When making a purchase not using cash



In-app purchase

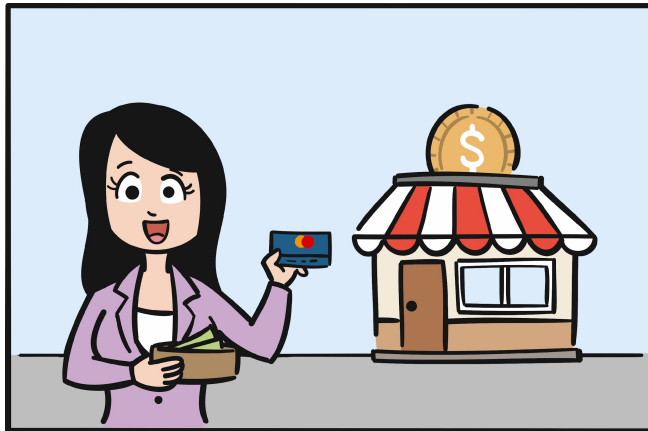


In-game purchase



# Credit card debt can get you into trouble

It is easy to spend money on a credit card ...



... but what you buy can become **very** expensive if you do not pay the credit card off, in full, each month!

Credit card debt will grow if you don't pay the amount due at the end of the month<sup>1</sup> ...

After 1 month:  
.....

After 3 months:  
.....

After 6 months:  
.....

After 12 months:  
.....



<sup>1</sup> Assumes you **only** pay the minimum balance each month

# Be careful of the DEBT TRAP

Today

I need a lawnmower **now**, so I will buy it using a credit card

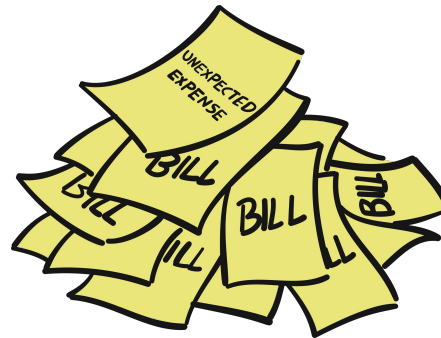
I don't have money today to pay for it but will have more tomorrow



Cost of new lawnmower: \$200

One month later

I run into a problem when unexpected expenses mean there is not enough money to pay off my credit card bill in full. I am now paying a lot in interest (25%+ interest rate)



I still owe \$200 for the lawnmower (plus interest)



DEBT TRAP – When you expect to have more money tomorrow than you have today



Each month, it becomes harder to repay the \$200 debt

# How do you calculate interest?



**\$500**

Amount needed to start a new lemonade stand business.

The bank lends you \$500. How much do you need to repay after four years?



Amount Borrowed (Principal)	Interest Rate (APR)	Interest Cost (each year)				Amount to be Repaid After 4 Years <i>Principal + Interest</i>
		Year 1	Year 2	Year 3	Year 4	
\$500	5%	\$25	\$25	\$25	\$25	\$500 + \$100 = <b>\$600</b>
\$500	10%	\$50	\$50	\$50	\$50	\$500 + \$200 = <b>\$700</b>
\$500	15%	\$75	\$75	\$75	\$75	\$500 + \$300 = <b>\$800</b>

The **annual percentage rate ("APR")** is the annual rate charged for borrowing money. Always make sure you know this rate of interest

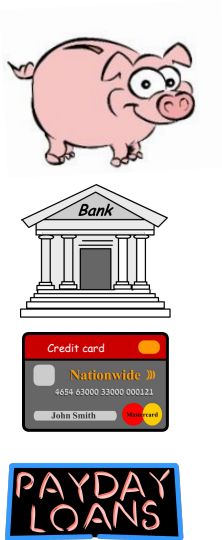
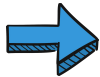
# Comparing types of debt



**IMPORTANT TRADE-OFF**  
**TIME VERSUS COST**

How much will you end up spending on the bicycle?

Budget



When can I buy it?

How much will you end up spending on the bicycle?

Interest Cost

Interest Rate

6 months

\$200

\$0

0%



Now!

\$220

\$20

10%



Now!

\$250

\$50

25%



Now!

\$730

\$530

365%



# Important trade-off – Time vs. Cost

## Time

If you are able to **wait**, save and budget, you will be able to buy the item without the need to pay extra due to interest costs

IMPORTANT TRADE - OFF  
TIME VERSUS COST

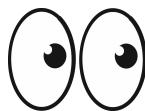
## Cost

If you need the item **now**, then you will need to pay more due to interest costs (especially if you do not pay the credit card in full within 30 days)

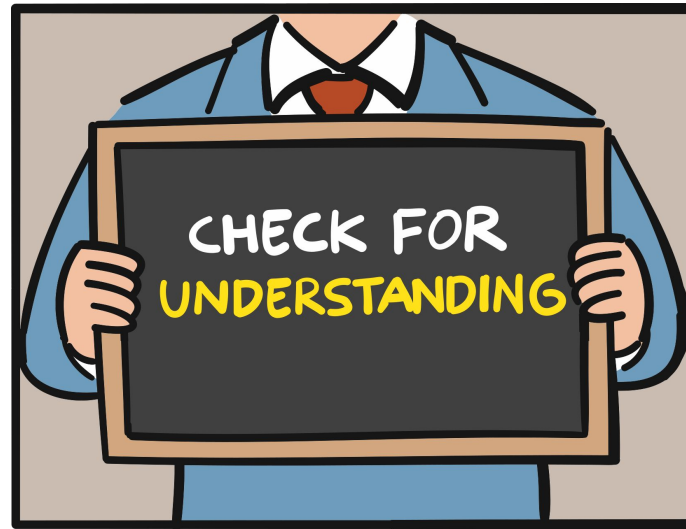


***Beware of credit cards!***

They are a very expensive form of buying things if you do not pay the bill in full each month



***25% interest rate (that is a high interest rate)***



*Describe the trade-off between time and cost when buying something*



# Keep DEBT under control



Debt is easy to get, hard to repay

- When you borrow money, first make a **budget** to ensure you can afford it
- It is very easy to get carried away when spending money. Don't!
- Always remember you need to repay the **Principal** plus **Interest** in any debt
- **Seek help** immediately when debt becomes unmanageable



A loan shark is a person or business that lends money *illegally*. Beware as loan sharks charge very high interest rates and fees which often makes it very hard to repay the debt

Debts can become unmanageable when a person cannot afford to repay the amount borrowed and the interest due continues to grow quickly



Be smart about your money  
(you earned it after all!)

# Independent Practice - Video

BUY  
Item #1



BUY  
Item #2

Budget



Beware of debt,  
especially credit  
card debt or pay  
day loans



Go to the next slide  
to start video

BE  
CAREFUL  
Credit Cards

# Independent Practice Video



Will start automatically  
(ensure to view in **Slide Show** mode)



# INDEPENDENT PRACTICE



Depending on the type of debt, each will have a different interest rate. Calculate interest in different scenarios.

It is always important to be careful with debt to avoid the debt trap. Why is this especially the case with credit cards?

**Lesson 5** **INDEPENDENT PRACTICE**

Calculate interest on a loan or credit card. If you pay off the loan in full after one year, what is the total amount due at the end? Don't forget to include in the calculation the original amount you borrowed (called the "principal").

For example, if you borrow \$50.00 and the interest rate is 5%, you will pay \$52.50 in interest expense per year and repay \$52.50 at the end of the loan (\$50.00 in principal + \$2.50 in interest).

You borrow \$100. Calculate interest and the amount to repay after one year.

Original loan	Interest rate	Interest expense	Total amount due
Bank loan #1	5%		
Bank loan #2	10%		
Bank loan #3	15%		
Credit card	20%		

**DEBT**

\* Don't forget the original amount borrowed

The Annual Percentage Rate (APR) is the rate of interest charged each year.

Why is it important to be extremely careful when taking on debt? Why do you need to be wary of credit card debt?

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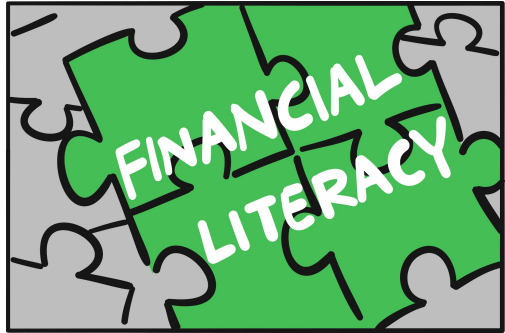
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# Student Handouts



## Lesson 5 HANDOUT

### Difference between debit and credit cards



Things to know	Debit cards	Credit cards
Contactless?	Yes	Yes
Form of Debt?	No	Yes
Money comes from where?	Bank account	Bank credit limit
Maximum that can be spent	Amount in bank account	Up to pre-agreed credit limit
Need to pay back?	\$\$ in account	Yes
Minimum age	11 yrs	18 yrs

Credit and debit cards look very similar and the way a consumer uses them to pay at the cash register is the same. But, what happens behind the scenes is very different! A debit card pulls money directly from your bank account. However, a credit card uses money that the bank lends you up to a pre-agreed amount.



If you borrow money using a credit card, don't forget that you always have to pay back the amount borrowed plus interest

#### Activity

- Credit cards are very easy to use. However, they are very expensive to use if the money is not paid in full by the end of the month. Discuss the importance of always paying back debt promptly.

#### Did you know?

- The first universal credit card, which could be used at a variety of establishments, was introduced by the Diners Club, Inc., in 1950. A travel and entertainment card was established by the American Express Company in 1958

## Lesson 5 HANDOUT

### Trade-off between making a budget and using debt

Need \$1,000 for a moped



Create a budget, save money and do extra work to speed it up

- Will cost \$1,000 ..... ✓
- No interest to be paid ..... ✓
- Will take a few months ..... ✗



Apply for a bank loan or use a credit card to buy the moped

- Can buy it now ..... ✓
- Interest to be paid ..... ✗
- Cost more than \$1,000 ..... ✗



Saving for a "rainy day" means you put money aside for unexpected expenses

#### Activity

- Rainy day funds are meant for special things.
- What sort of purchases would you consider spending your rainy day funds on?

#### Did you know?

- Everyone needs to do a budget, even the US Government. The federal budget for 2022 was set at over four trillion dollars (yes, that is a trillion with twelve zeros)

## Lesson 5 HANDOUT

### Making a budget

You decide you want to buy a scooter.  
You find a store that sells one for \$50.



Which type of budget would you choose from the examples below:

<b>Example 1:</b>		<b>Example 2:</b>	
Save allowance week 1	\$10	Save allowance week 1	\$10
Save allowance week 2	\$10	Save allowance week 2	\$10
Save allowance week 3	\$10	Save allowance week 3	\$10
Save allowance week 4	\$10	Save allowance week 4	\$10
Save allowance week 5	\$10	Do extra chores	+\$10
Buy scooter after 5 weeks	<b>\$50</b>	Buy scooter after 4 weeks	<b>Faster</b>
<b>Example 3:</b>		<b>Example 4:</b>	
Save allowance week 1	\$10	Save 1/2 allowance week 1	\$5
Save allowance week 2	\$10	Save 1/2 allowance week 2	\$5
Save allowance week 3	\$10	Save 1/2 allowance week 3	\$5
Purchase of candy	-\$10	Save 1/2 allowance week 4	\$5
Save allowance week 4-6	\$10	Save 1/2 allowance 5-10 weeks	\$5
Buy scooter after 6 weeks	<b>Slower</b>	Buy scooter after 10 weeks	<b>Slower</b>

#### Activity

- Can you list three things that can delay achieving your goal in a budget (such as the occasional candy purchase)? What about three things that can accelerate achieving your goal?

#### Did you know?

- A budget is just another word for making a game plan. As with sports, a good game plan is key to achieving success quickly. Stick with the plan and think of ways to speed up the timetable