

# Financial Literacy Lessons for ESL Students





# Introduction

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## Financial Literacy

The idea for this curriculum grew out of our experiences with ESL classes sponsored by the Fannie Mae Foundation, entitled, "How to Buy a Home in the United States." We found that the Fannie Mae curriculum assumed a greater understanding of credit, budgets, banking accounts, and interest rates than the students actually possessed. This reality obliged instructors to seek out or develop materials to bridge that gap, at least partially. We discovered that currently available ESL texts offered very little in terms of consumer education or financial literacy. Effective lessons would have to be patched together from several different books, and even as such, would still be lacking. Fortunately, an EL-Civics grant provided us with the opportunity to develop a comprehensive set of materials to introduce intermediate and advanced level ESOL students to this important topic.

Our goals for this curriculum are that students will learn vocabulary and concepts related to banking and credit in the United States. They will use these words and ideas in asking questions, locating information, evaluating offers and making decisions. They will set goals, develop a budget, and understand how to plan for future wants and needs.

In order to achieve these goals, we have designed three self-contained units. Unit One is "Basic Banking Services." It includes lessons on checking accounts, savings accounts, and loans. It reviews how to shop for different types of bank accounts, balance checkbooks and reconcile statements, and compare loans. Unit Two is "Credit." It includes lessons on the role of credit, credit cards, and credit reports. It reviews how to establish credit, compare credit card offers, and read a credit report. Unit Three is "Planning for the Future." It includes lessons on planning a budget, identifying goals, and comparing investments. It reviews how to develop a budget, plan a new budget in order to save money, and create a personal timeline to realize one's goals.



# Introduction

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## Financial Literacy

In addition to the three units, each unit has an accompanying answer key and teacher's notes. There is also a quiz for each of the units and a resource list for teachers or students who would like to get additional information.

The curriculum employs standard ESL activities: readings or charts with pre-reading questions, comprehension questions, and vocabulary checks; information gap activities; and, brainstorming and problem solving activities. Grammar and pronunciation practice are also integrated into some of the lessons. We pilot-tested the curriculum in five ESL classes in the San Diego Centers for Education and Technology, at the intermediate-low, intermediate-high, and advanced-low levels. We also offered the curriculum in a 30 hour stand-alone class during summer 2002. Students indicated that they liked this format very much. From the feedback we received, intermediate-high seemed to be the optimal level to implement the curriculum. However, all classes reacted positively to the lessons. The curriculum allows each instructor to pick and choose the exercises, depending on what is appropriate for his or her students. It is not necessary to do all of them.

It is our hope that this curriculum will assist ESOL students in attaining their personal goals and in making them even more effective participants in and contributors to their communities.

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# Table of Contents

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Financial Literacy

## Table of Contents

Introduction

Unit 1: Basic Banking Services

Lesson 1: Introduction

Lesson 2: Checking Accounts

Lesson 3: Savings Accounts

Lesson 4: Loans

Unit 1 Quiz

Unit 2: Credit

Lesson 1: Introduction

Lesson 2: Credit Cards

Lesson 3: The Credit Report

Unit 2 Quiz

Unit 3: Planning for the Future

Lesson 1: Goals and Budgets

Lesson 2: Growing Your Money

Lesson 3: Personal Timeline

Unit 3 Quiz

Teacher's Notes / Answer Key

Resource List

# Introduction to Banking



## Pre-Reading Questions

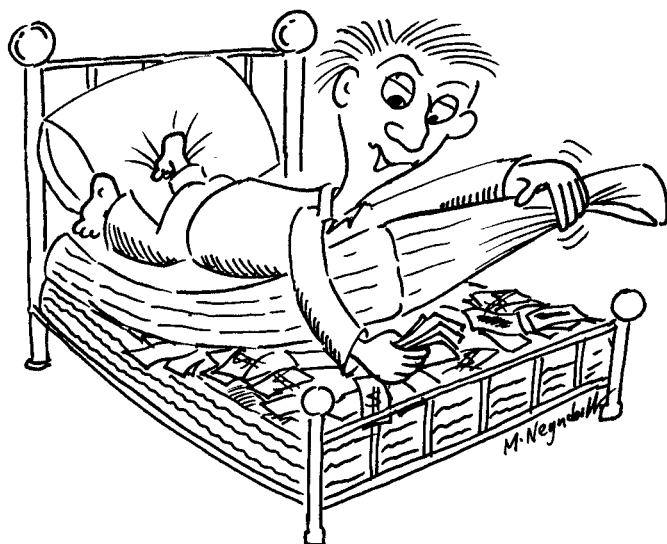
Do you have a checking or savings account in the U.S.?

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?

## 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



# Introduction to Banking

## Lesson 1

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.

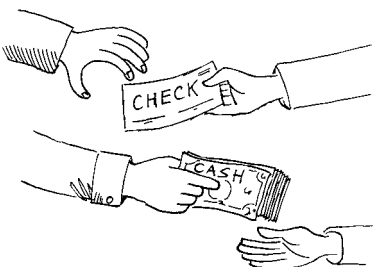
**\$ ATM:** The ATM (Automated Teller Machine) is a machine that lets you **withdraw**, or take, money from your checking or savings account and **deposit** money into an account at any time. If you use an ATM that is not from your bank, you usually have to pay for the service. It can cost from \$.50 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 cashing a paycheck or any other check. Many check-cashing businesses **charge** 10% (of the check) or more to **cash** your check.



# Introduction to Banking

## Lesson 1

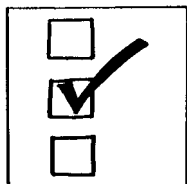
When you want to know how much money is in an account, or if a check has **cleared** (been paid) on your account, you can call the bank to get **automated** information. You can also use the Internet or the ATM to get the status of your account. Some banks **allow** you to transfer money from one account to another over the phone, the Internet or an ATM. There are many services **available** at banks or credit unions. You will study more about them in this unit.



### Reading Check:

Do you understand? Circle yes or no.

1. If you will spend your money quickly, put it in a savings account. yes      no
2. If you use the ATM at your own bank, you have to pay a fee. yes      no
3. A credit union is similar to a bank. yes      no
4. You can get information about your bank accounts by calling the bank or by using the ATM or internet. yes      no
5. If you cash your paycheck at your own bank, you have to pay a fee. yes      no



### Vocabulary:

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

EXAMPLE: similar to a bank credit union

1. to take money out of a bank account \_\_\_\_\_
2. to put money into a bank account \_\_\_\_\_

# Introduction to Banking

## Lesson 1

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 \_\_\_\_\_



**Partner Check:** 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?



# Introduction to Banking

## Lesson 1



### Grammar:

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.

# Introduction to Banking



## Grammar:

Expressing ability and obligation. Look at the examples and then write the correct form in the sentences below.

I  
We  
You  
They  
He  
She  
It

can work this afternoon. (available to work)

I  
We  
You  
They

have to work this afternoon  
(no choice; will work)

He  
She  
It

has to work this afternoon.  
(no choice; will work)

# Introduction to Banking



## Grammar Exercise:

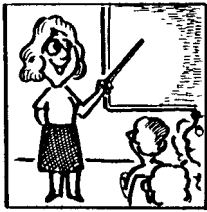
Write the banking activities under "You can" or "You have to" based on the reading.

- 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.

You can...	You have to...



# Introduction to Banking



## 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

Advantages	Disadvantages
<p>-don't have to pay bills in person</p>	<p>-you don't have a lot of cash</p>

### Savings Account

Advantages	Disadvantages



# Introduction to Banking

Lesson 1

## ATM

Advantages	Disadvantages

## Loans

Advantages	Disadvantages

# Checking Accounts



## Before You Read

Have you ever bought a car? Before you buy a car, what questions should you ask?

- 1.
- 2.
- 3.



## 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 each month 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

# Checking Accounts

## Lesson 2

take money out of your savings account (or another account) to pay for the check. There is a small fee for each time that 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)
<u>+20.00 (supermarket's fee)</u>
\$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

# Checking Accounts

## Lesson 2

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.



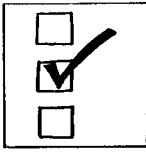
## Key Questions

Practice asking these important questions.

1. How much is the monthly service fee for a checking account?
2. What is the minimum balance for a checking account?
3. Does this bank have overdraft protection?
4. How much is the fee if I use overdraft protection?
5. Does this bank pay interest for checking accounts?



# Checking Accounts



## Basic Checking Accounts

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

	California Sun Bank	Pacific Credit Union	San Diego First Bank
Monthly Service Fee	\$8 (Waived with direct deposit or \$1,000 minimum balance)	\$5.50 (Waived with direct deposit)	\$6.00 (Waived with minimum balance of \$600)
Interest	No	No	Yes (with minimum balance of \$1,500)
Overdraft Protection	Yes (with savings account)	Yes (with bank credit card)	Yes (with savings account or bank credit card)
Bounced Check Fee	\$15.00	\$15.00	\$17.50

1. Which bank has the lowest monthly fee?
2. Does Pacific 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 San Diego First Bank?

# Checking Accounts



## Basic Checking Accounts - Student A

Ask Student B these questions to find the missing information about the checking accounts.

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?

	California Sun Bank	Pacific Credit Union	San Diego First Bank
Monthly Service Fee	\$8 (Waived with direct deposit or \$1,000 minimum balance)	1.  (Waived with direct deposit)	\$6.00 (Waived with minimum balance of \$600)
Interest	No	No	2.
Overdraft Protection	Yes (with savings account)	4.	Yes (with savings account or bank credit card)
Bounced Check Fee	3.	\$15.00	\$17.50



# Checking Accounts

## Lesson 2



### Basic Checking Accounts - Student B

	California Sun Bank	Pacific Credit Union	San Diego First Bank
Monthly Service Fee	\$8 (Waived with direct deposit or \$1,000 minimum balance)	\$5.50 (Waived with direct deposit)	1. (Waived with minimum balance of \$600)
Interest	2.	No	Yes (with minimum balance of \$1,500)
Overdraft Protection	4.	Yes (with bank credit card)	Yes (with savings account or bank credit card)
Bounced Check Fee	\$15.00	3.	\$17.50

Ask Student A these questions to find the missing information about the checking accounts.

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?



# Checking Accounts

## Lesson 2



### Writing Checks

When you write a check, it is a promise to pay money from your account. The bank takes the money from your checking account when the check is paid.

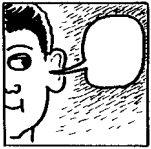
Maria Lopez 1617 Law Street San Diego, CA 92150	4650 Date <u>Dec 30, 2000</u>
Pay to the order of <u>Toyota Finance</u>	\$ <span style="border: 1px solid black; padding: 2px;">257<sup>99</sup>/<sub>100</sub></span>
<u>Two hundred fifty-seven and <sup>99</sup>/<sub>100</sub></u>	dollars
San Diego Federal Bank	
For <u>car payment</u>	<u>Maria Lopez</u>

Maria wrote a check to Smith's Book Store for an English book and a dictionary. She wrote the check on February 2<sup>nd</sup>, 2001, and the amount was \$26.17. Fill in the check with the correct information.


Maria Lopez 1617 Law Street San Diego, CA 92150	4652 Date _____
Pay to the order of _____	\$ <span style="border: 1px solid black; display: inline-block; width: 40px; height: 15px;"></span>
_____	dollars
San Diego Federal Bank	
For _____	_____

# Checking Accounts

## Lesson 2



### Writing the Dollar Amount on a Check

When you write a check, the amount of the check is written in both numbers and words. When it is written in words, you write the cents as a fraction of a dollar. For example, 23 cents is written as 23/100. You should write the word *and* to separate the dollars and cents. The wavy line (  ) fills the empty space so that nobody can change the amount of the check.

Example:      \$8.23      Eight and 23/100      DOLLARS

Listen to your teacher and write the dollars amounts with words.

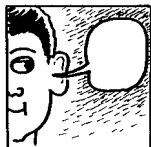
1. \_\_\_\_\_ DOLLARS

2. \_\_\_\_\_ DOLLARS

3. \_\_\_\_\_ DOLLARS

4. \_\_\_\_\_ DOLLARS

5. \_\_\_\_\_ DOLLARS



### Dictation

Listen to your teacher and fill in the correct information on this check.



Maria Lopez 1617 Law Street San Diego, CA 92150	4653
Pay to the order of _____ \$ <input style="width: 80px;" type="text"/>	Date _____
_____ dollars	
San Diego Federal Bank	
For _____	

# Checking Accounts

## Lesson 2



### Making Deposits

When you deposit money, you put money in your account. You must deposit money before you can write checks. You need to fill out a **deposit slip** when you deposit money. Your bank will give you these slips.



Maria received a paycheck for \$973.29 and she is going to deposit it on January 19<sup>th</sup>, 2001. Fill out this deposit slip for Maria.

<p><small>Checks and other items are subject to deposit subject to the provisions of the Uniform Computer Code or any applicable collection agreement.</small></p> <p>Maria Lopez              1617 Law Street              San Diego, CA 92150</p> <p>DATE _____  <small>Deposits may not be available for immediate withdrawal.</small></p> <p>_____  <small>Sign here for cash received (if required).</small></p>	<table border="1" style="width: 100%;"> <tr> <td style="width: 10%;">CHECKS</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>CHECK OR TOTAL FROM OTHER SIDE</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>SUB-TOTAL</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>LESS CASH RECEIVED</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>\$</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	CHECKS										CHECK OR TOTAL FROM OTHER SIDE										SUB-TOTAL										LESS CASH RECEIVED										\$									
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### Endorsing Checks

Before you deposit or cash a check that someone writes to you, you must **endorse** it. This means that you write your signature and bank account number on the back of the check. This will help the bank put the money into the correct account.

<p>ENDORSE HERE</p> <p><i>Maria Lopez</i></p> <p>for deposit only</p> <p>acct # 1003742141</p>	<p>Original Document</p>	<p><small>FEDERAL RESERVE BANK REGULATION CC</small></p> <p><small>THIS SECURITY FEATURE IS LIMITED TO CHECKS AS WELL AS OTHER INSTRUMENTS. IT DOES NOT GUARANTEE THE AUTHENTICITY OF THE INSTRUMENTS. FEDERAL RESERVE BANK OF SAN DIEGO. MicroPrint Security Line. Do not write on this line. Security Watermark. Absence of "Original Document" watermark on back of check.</small></p>
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# Checking Accounts

## Lesson 2

### Using a Check Register



A check register is a small book that you can use to keep track of all the checks you write and any other bank transactions. It is very important to use a check register and to remember to write all transactions. Here is Maria's check register for the past month.

Check #	Date	Description of Transaction	Payment/Debit (-)		Code	Fee(-)	Deposit/Credit (+)		\$ Balance	
									1752	76
4643	12/30	Westview Property Mgmt.	600	00					600	00
		January rent							1152	76
4644	12/30	Toyota Finance	257	99					257	99
		Car payment							894	77
4645	1/2	Western Bell	32	98					32	98
		Telephone bill							861	79
4646	1/2	Mary Smith	19	86					19	86
		Gift for manager							841	93
4647	1/2	ABC Gas & Electric	76	01					76	01
									765	92
	1/4	ATM withdrawal	40	00	ATM				40	00
									725	92
	1/12	ATM withdrawal	21	50	ATM	1.00			22	50
									703	42
4648	1/15	Food Basket Supermarket	29	11					29	11
									674	31
	1/19	Deposit			D		973	29	973	29
		Paycheck							1647	60
	1/21	Ekson gas station	21	73	DC				21	73
									1625	87
	1/26	Deposit			D		45	00	45	00
									1670	87
4649	1/29	Westview Property Mgmt.	600	00					600	00
		February rent							1070	87
4650	1/29	Toyota Finance	257	99					257	99
		Car payment							812	88
4651	1/30	Food Basket Supermarket	38	92						

**Codes:** ATM = automatic teller machine, D = deposit, DC = debit card

# Checking Accounts



Read Maria's check register to answer these questions.

1. When did Maria write check #4644?
2. How much did she withdraw from the ATM on January 4<sup>th</sup>?
3. Who was check #4648 written to?
4. What was the balance in Maria's register after the deposit on January 26<sup>th</sup>?
5. How many checks did she write to Toyota Finance during this time period?



## Activity:

Maria forgot to subtract the amount of the last check that she wrote to Food Basket Supermarket. In the space below, find the new balance and write the information in the correct place on the register.

812.88  
-38.92

Answer:

Now add the information from check #4652 and check number #4653 (from pages 7 and 8) to the register and subtract the amounts to find the new balance.



# Checking Accounts



## Reading a Bank Statement

Each month your bank will send you a "Statement of Account". This gives you information about all of the **transactions** that happened during the past month. Transactions are activities that happen with your account. Deposits, withdrawals, and paid checks are transactions.



**Read the bank statement on the following page to answer these questions.**

1. What month is the statement for?
2. How much money was in the account at the beginning of the month?
3. How many deposits did Maria make?
4. When did Maria use the ATM?
5. How many checks did the bank pay?
6. When did the bank pay check #4648?
7. How much was the deposit on January 27<sup>th</sup>?
8. How much money was in the account on January 31<sup>st</sup>?
9. How much is the monthly service charge?



# Checking Accounts

## Lesson 2

member identification number

The last day of the month for this statement.  
This statement is for Jan. 1<sup>st</sup> - 31<sup>st</sup>.

The amount of money in Maria's account at the beginning of the month.

San Diego Federal Bank		Statement of Account			
1234 Main Street San Diego, CA 92150					
Maria Lopez 1617 Law St. San Diego, CA		Member No.	Ending Date		
		717488	1-31-01		4
Date	Transaction Description	Amount	Finance Charge	Balance	
	<b>Checking Account Account #2</b>	<b>Previous</b>	<b>Balance</b>	<b>1,752.76</b>	
JAN03	CHECK 4643	600.00-		1152.76	
JAN04	CHECK 4644	257.99-		894.77	
JAN04	MONTHLY SERVICE FEE	9.00-		885.77	
JAN04	ATM WITHDRAWAL - SAN DIEGO FEDERAL	40.00-		845.77	
JAN06	CHECK 4645	32.98-		812.79	
JAN06	CHECK 4647	76.01-		736.78	
JAN12	ATM WITHDRAWAL - FIRST NATIONAL BANK	20.00-		715.28	
		1.50-		714.28	
JAN12	ATM WITHDRAWAL FEE	1.00-		685.17	
JAN17	CHECK 4648	29.11-		685.17	
JAN19	DEPOSIT	973.29		1658.46	
JAN21	EKSON GAS STATION	21.73-		1636.73	
JAN23	CHECK 4646	19.86-		1616.87	
JAN27	DEPOSIT	45.00		1661.87	
<b>JAN31</b>	<b>NEW BALANCE</b>			<b>1661.87</b>	
	<b>CHKS PAID</b>				
	CHK# DATE AMOUNT				
	4643 JAN03 600.00				
	4644 JAN04 257.99				
	4645 JAN06 32.98				
	4646 JAN23 19.86				
	4647 JAN06 76.01				
	4648 JAN17 29.11				
	<b>DEPOSITS</b>				
	DATE AMOUNT				
	JAN19 973.29				
	JAN27 45.00				
	<b>TOTAL DEPOSITS</b> 1018.29				
	<b>WITHDRAWALS AND FEES</b>				
	DATE AMOUNT				
	JAN04 40.00				
	JAN04 9.00				
	JAN12 21.50				
	JAN12 1.00				
	JAN21 21.73				
	<b>TOTAL WITHDRAWALS AND FEES</b> 93.23				

All of the transactions for the account during the month.

All the checks the bank paid during the month.

All of the money that Maria deposited or put into the account during the month.

All of the money that was withdrawn or taken out during the month.

The amount of money in Maria's account at the end of the month.

# Checking Accounts



## Reconciling Your Checking Account

Do banks ever make mistakes? How do you know if you or your bank has made a mistake with your account?

When you receive a bank statement, you should **reconcile** your checking account. This means that you check both the statement and your check register to be sure that you and the bank agree about how much money is in your account.

To reconcile your account you can follow these steps:

Step 1: Write the new balance from your statement. \_\_\_\_\_ **A.**

Step 2: Write all the checks and other withdrawals from your check register that are not on the statement. \_\_\_\_\_  
 Add these amounts together. \_\_\_\_\_  
 + \_\_\_\_\_  
 \_\_\_\_\_ **B.**

Step 3: Subtract amount B from A. \_\_\_\_\_ **A.**  
 - \_\_\_\_\_ **B.**  
 \_\_\_\_\_ **C.**

Step 4: Write all the deposits from your check register that are not on the statement. \_\_\_\_\_  
 Add these amounts together. \_\_\_\_\_  
 + \_\_\_\_\_  
 \_\_\_\_\_ **D.**

Step 5: Add D to C. \_\_\_\_\_ **C.**  
 + \_\_\_\_\_ **D.**  
 \_\_\_\_\_ **E.**

**Amount E. is your adjusted bank statement balance.**



# Checking Accounts

## Lesson 2

Step 6: Write the balance from your checkbook or check register. \_\_\_\_\_ F.

Step 7: Write any fees or withdrawals on the bank statement that are not in your check register. Add these amounts together.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

+ \_\_\_\_\_

\_\_\_\_\_ G.

Step 8: Subtract G. from F.

\_\_\_\_\_ F.

- \_\_\_\_\_ G.

\_\_\_\_\_ H.

Step 9: List any deposits on the bank statement that are not in your check register. Add these amounts.

\_\_\_\_\_

\_\_\_\_\_

+ \_\_\_\_\_

\_\_\_\_\_ I.

Step 10: Add I. To H.

\_\_\_\_\_ H.

+ \_\_\_\_\_ I.

\_\_\_\_\_ J.

Amount J. is your adjusted checkbook balance.

If amount E and amount J are the same, your checkbook is balanced. If they are not the same, check everything again. Be sure that you didn't make a math mistake in your check register.

# Savings Accounts

## Lesson 3



### Before You Read

Do you ever think about different ways to save money? How did you save money in your country?

Sometimes little extra expenses in our lives can add up to a lot of money that we could be saving. For example, Maria buys a cup of coffee for \$1.15 at the catering truck everyday during break. One day she thought about how much she was spending

on coffee and realized that she was spending about \$23.00 a month on coffee. That was \$276 year! She decided to make coffee at home and bring it to school in a thermos so that she could save the money each month.

Is there a small thing in your life that you could stop doing to save money? How much would you save each week? Each month? Each year?



# Savings Accounts



## 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.

Account Type	Description	Advantages	Disadvantages
<b>Regular savings accounts</b> (also called pass book savings)	<ul style="list-style-type: none"> <li>You can deposit money whenever you want.</li> <li>The bank gives you a pass book or sends you a statement that shows your balance.</li> </ul>	<ul style="list-style-type: none"> <li>Your money earns interest.</li> <li>You can withdraw your money at any time.</li> <li>Your interest rate may go up if the US rate goes up.</li> <li>You can have the money automatically withdrawn from your checking account.</li> </ul>	<ul style="list-style-type: none"> <li>The interest rate is low.</li> <li>You might need to keep a minimum balance.</li> <li>Your interest rate may go down if the US rate goes down.</li> </ul>
<b>CDs</b> (Certificates of Deposit)	<ul style="list-style-type: none"> <li>You deposit \$500 or more.</li> <li>You agree to leave the money in the bank for a special period of time (6 months to 5 years).</li> </ul>	<ul style="list-style-type: none"> <li>Your money earns more interest than a regular savings account.</li> <li>Your interest rate stays the same, even if the US rate goes down.</li> </ul>	<ul style="list-style-type: none"> <li>You can't touch your money for the special period of time.</li> <li>If you withdraw early, you must pay a large penalty fee.</li> <li>Your interest rate stays the same, even if the US rate goes up.</li> </ul>

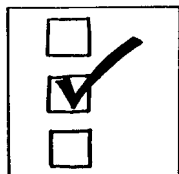


# Savings Accounts

## Lesson 3

Account Type	Description	Advantages	Disadvantages
<b>Special Savings Clubs</b>	<ul style="list-style-type: none"> <li>You deposit the same amount of money every week or every month.</li> <li>This account helps people save for a special purchase: a new car or a trip.</li> </ul>	<ul style="list-style-type: none"> <li>You can put in a little money at a time.</li> <li>You can have the money automatically withdrawn from your checking account.</li> </ul>	<ul style="list-style-type: none"> <li>Your money will earn very little or no interest.</li> </ul>
<b>Money Market Accounts</b>	<ul style="list-style-type: none"> <li>You deposit a large amount to open the account.</li> <li>The bank pays you interest that is based on the money market.</li> <li>You can write a few checks from this account each month.</li> </ul>	<ul style="list-style-type: none"> <li>Your money earns more interest than regular savings account.</li> <li>Your interest rate may go up if the US rate goes up.</li> </ul>	<ul style="list-style-type: none"> <li>You have to keep a high minimum balance.</li> <li>Your interest rate may go down if the US rate goes down.</li> <li>These accounts are usually not insured.</li> </ul>
<b>Individual Retirement Accounts (IRAs)</b>	<ul style="list-style-type: none"> <li>These are special accounts that help people save for retirement.</li> <li>You save a percentage of your monthly income.</li> </ul>	<ul style="list-style-type: none"> <li>You don't pay taxes on the money until you retire.</li> <li>You can choose where the bank invests your money.</li> </ul>	<ul style="list-style-type: none"> <li>If you withdraw money before you are 59 <sup>1</sup>/<sub>2</sub>, you must pay a penalty.</li> </ul>

# Savings Accounts



## Savings Account Questions

Read each sentence and write 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

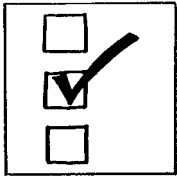
- |  |   |   |
|--|---|---|
| 1. Your money earns high interest.                     | T | F |
| 2. You have to keep a high minimum balance.            | T | F |
| 3. These accounts are usually not insured by the bank. | T | F |

### 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 Accounts



## 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?

# Loans

## Pre-Reading

Put a check (✓) next to the pictures of the things you might want to have or do.



## Reflect

If you wanted to get some of these things in your country, what would you do to get them?



## 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.

# Loans



## 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 |

## Practice: Shopping for a Loan

As you needed to shop for the right bank with the best checking and savings accounts, you also need to shop for loans. Your bank may be able to give you a loan, but you may find a better deal at another bank or credit union.

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.



## Samuel and Miranda's Story

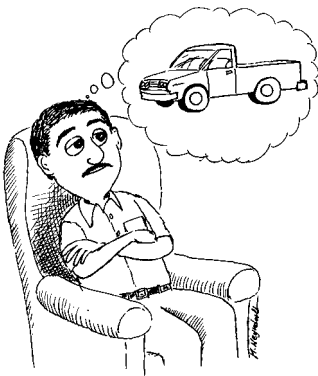
Samuel Reyes has been living in the United States for five years. He started working after he had been here for six months. He is 26 years old and got married one year ago. They do not have any children yet. Samuel is a custodian at an office building at night. He works for a company called *Clean by Dawn* and has been with them for three years. He makes \$8.50 an hour, but he



# Loans

## Lesson 4

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 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 into a special savings club to save for the down payment.

***How much money have Samuel and Miranda saved together?***

\_\_\_\_\_

When he was single, Samuel saved an average of \$40 per month.

***How much did Samuel save when he was single?*** \_\_\_\_\_

Samuel and Miranda decide to use half of Samuel's savings for the down payment in addition to the money they have saved together. How much will they give for the down payment?

***Now, Samuel and Miranda have \_\_\_\_\_ for a down payment.***

But before they shop for a loan, they need to think about how much they **can afford** to pay each month. Samuel **grosses** about \$1400 per month, but, after taxes and insurance, his

# Loans

## Lesson 4

take-home pay is approximately \$1200. Miranda earns \$950 per month, but her **net** pay is only about \$810.

*What do Samuel and Miranda take home in pay each month?* \_\_\_\_\_

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.

*What are their fixed expenses each month?* \_\_\_\_\_

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

*If they save \$100 per month, how much monthly income remains?* \_\_\_\_\_

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.)

*What are some things that could happen to Samuel and Miranda that would make their money situation more difficult?* \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



*How much do you think they could safely spend on a car payment each month?* \_\_\_\_\_

Now, Samuel and Miranda are ready to shop for a loan.

# Loans



**Vocabulary Check: Match the vocabulary with the definition. There is one extra definition.**

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

# Loans



## 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)

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

Which loan has the lowest monthly payment?

Which loan has the lowest interest rate?

Which loan has the lowest total cost?

### West Coast Federal Credit Union

Loan #	Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)
D	\$10,000	\$2,000	\$8,000	36	6.75%	\$246	\$860	\$10,860

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



### Loans 'R Us Online

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

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

### Joe Friendly Used Cars

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

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

**Answer the following questions about all the loans, A - F.**

1. Which loan has the lowest monthly payment?
2. Which loan has the highest monthly payment?
3. Which loan has the lowest interest rate?
4. Which loan has the highest interest rate?
5. What is the lowest total cost?
6. What is the highest total cost?



# Loans

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## Lesson 4

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?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# Loans



**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?



**Pair Practice:** Ask and answer questions about the loans.

Example. Students ask Teacher.

## Golden State Bank

Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)	Fees
\$8,000	\$1,000	\$7,000						
\$8,000	\$1,000	\$7,000						



# Loans

## Lesson 4

**Student A ask Student B**

### Golden State Bank

Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)	Fees
\$8,000	\$2,500	\$5,500						
\$8,000	\$2,500	\$5,500						

**Student B asks Student A**

### Golden State Bank

Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)	Fees
\$8,000	\$3,000	\$5,000						
\$8,000	\$3,000	\$5,000						



# Loans

## ANSWER SHEET

Pair Practice: Ask and answer questions about the loans.

Example. Students ask Teacher.

### Golden State Bank

Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)	Fees
\$8,000	\$1,000	\$7,000	36	6.25%	\$214	\$695	\$8,695	\$50
\$8,000	\$1,000	\$7,000	60	8.5%	\$144	\$1617	\$9,617	NONE

Student A ask Student B (Student B gives answers.)

### Golden State Bank

Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)	Fees
\$8,000	\$2,500	\$5,500	36	7.5%	\$171	\$659	\$8,659	NONE
\$8,000	\$2,500	\$5,500	60	8%	\$112	\$1191	\$9,191	NONE

Student B asks Student A (Student A gives answers.)

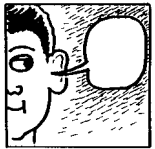
### Golden State Bank

Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)	Fees
\$8,000	\$3,000	\$5,000	36	7.5%	\$156	\$599	\$8,599	NONE
\$8,000	\$3,000	\$5,000	72	8.5%	\$89	\$1400	\$9,400	\$25

# Loans



## 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 on the previous pages. 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

LAST NAME (PRINT)	FIRST	MIDDLE INITIAL	BIRTHDATE	AGES OF DEPENDENTS	___ MARRIED ___ UNMARRIED ___ SEPARATED
			5/23/		
DRIVER'S LICENSE NUMBER		SOCIAL SECURITY NUMBER			
ADDRESS			CITY	STATE	ZIP
				HOME PHONE	HOW LONG?
				( )	YRS MOS
PREVIOUS ADDRESS (TO COVER 5 YEARS RESIDENCE)			CITY	STATE	ZIP
				HOW LONG?	LIVED IN COMMUNITY?
				YRS MOS	YRS MOS
PREVIOUS ADDRESS (TO COVER 5 YEARS RESIDENCE)			CITY	STATE	ZIP
				HOW LONG?	LIVED IN COMMUNITY?
				YRS MOS	YRS MOS
OCCUPATION	PRESENT EMPLOYER	ADDRESS	CITY	STATE	ZIP
				PHONE	HOW LONG?
				( 619 ) 230-2013	YRS MOS
PREVIOUS EMPLOYMENT (TO COVER 5 YEARS)		ADDRESS	CITY	STATE	ZIP
				PHONE	HOW LONG?
				( )	YRS MOS
		ADDRESS	CITY	STATE	ZIP
				PHONE	HOW LONG?
				( )	YRS MOS
NEAREST RELATIVE NOT LIVING WITH APPLICANT		ADDRESS	CITY	STATE	ZIP
				PHONE	RELATIONSHIP
				( )	

INCOME: 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 a basis for repaying this obligation)..... \$ \_\_\_\_\_  
 Amount of other monthly income and source(s)..... \$ \_\_\_\_\_  
 TOTAL MONTHLY INCOME..... \$ \_\_\_\_\_



# Loans

## Lesson 4

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

LAST NAME (PRINT)	FIRST	INITIAL	BIRTHDATE 12/1/			AGES OF DEPENDENTS	<input type="checkbox"/> MARRIED <input type="checkbox"/> UNMARRIED <input type="checkbox"/> SEPARATED	
DRIVER'S LICENSE NUMBER		SOCIAL SECURITY NUMBER						
ADDRESS			CITY	STATE	ZIP	HOME PHONE ( )	HOW LONG? YRS MOS	
PREVIOUS ADDRESS (TO COVER 5 YEARS RESIDENCE)			CITY	STATE	ZIP	HOW LONG? YRS MOS	LIVED IN COMMUNITY? YRS MOS	
PREVIOUS ADDRESS (TO COVER 5 YEARS RESIDENCE)			CITY	STATE	ZIP	HOW LONG? YRS MOS	LIVED IN COMMUNITY? YRS MOS	
OCCUPATION	PRESENT EMPLOYER	ADDRESS	CITY	STATE	ZIP	PHONE (858) 672-1900	HOW LONG? 2 YRS MOS	
PREVIOUS EMPLOYMENT (TO COVER 5 YEARS)		ADDRESS	CITY	STATE	ZIP	PHONE ( )	HOW LONG? YRS MOS	
		ADDRESS	CITY	STATE	ZIP	PHONE ( )	HOW LONG? YRS MOS	
NEAREST RELATIVE NOT LIVING WITH APPLICANT		ADDRESS	CITY	STATE	ZIP	PHONE ( )	RELATIONSHIP	

**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 a basis for repaying this obligation)..... \$ \_\_\_\_\_  
**Amount of other monthly income and source(s)**..... \$ \_\_\_\_\_  
**TOTAL MONTHLY INCOME**..... \$ \_\_\_\_\_

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

LANDLORD OR MORTGAGE HOLDER <input type="checkbox"/> OWN <input type="checkbox"/> RENT	J.C. Park	ADDRESS 4915 Bates Road	MORTGAGE BALANCE	PAYMENT OR RENT
DATE HOME PURCHASED	AGE OF HOME	PRICE PAID FOR HOME	2 <sup>ND</sup> MORTGAGE AMOUNT	PAYMENT
MARKET VALUE				
TYPE OF CREDIT	COMPANY NAME	ACCOUNT NO.	BALANCE	MONTHLY PAYMENTS
TYPE OF CREDIT	COMPANY NAME	ACCOUNT NO.	BALANCE	MONTHLY PAYMENT
TYPE OF CREDIT	COMPANY NAME	ACCOUNT NO.	BALANCE	MONTHLY PAYMENT
PRESENT VEHICLE FINANCED BY		ACCOUNT NO.	BALANCE	MONTHLY PAYMENT
BANK REFERENCE		ACCOUNT NUMBER	BRANCH <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	BALANCE



# Loans

## Lesson 4

HAVE YOU EVER HAD ANY PROPERTY REPOSSESSED? <input type="checkbox"/> YES <input type="checkbox"/> NO		DO YOU HAVE ANY LAWSUITS PENDING AGAINST YOU? <input type="checkbox"/> YES <input type="checkbox"/> NO	HAVE YOU EVER FILED BANKRUPTCY? <input type="checkbox"/> YES <input type="checkbox"/> NO
PERSONAL FRIENDS KNOWN OVER ONE YEAR  1.  2.	ADDRESS	ZIP	PHONE

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

PREVIOUS INSURANCE CO. OR AGENT	PHONE	WHERE WILL VEHICLE BE GARAGED?	POLICY NO.
HAS YOUR INSURANCE EVER BEEN CANCELED BY ANY COMPANY? <input type="checkbox"/> YES <input type="checkbox"/> NO		IF YES, WHY?	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





# Quiz

## Financial Literacy, Unit I

### Choose the best answer.

1. Which account is best for paying bills and buying food?
  - a. checking account
  - b. savings account
  - c. ATM
  
2. Which account earns better interest?
  - a. checking account
  - b. savings account
  - c. ATM
  
3. Most banks require a \_\_\_\_\_ of at least \$25 for a savings account.
  - a. monthly fee
  - b. direct deposit
  - c. minimum balance
  
4. What protects you if you write a check for more than you have in your account?
  - a. direct deposit
  - b. a bounced check
  - c. overdraft protection
  
5. Which savings accounts do not permit withdrawals before a specified time?
  - a. Certificate of Deposit (CD) and Individual Retirement Accounts (IRAs)
  - b. Regular Savings Account and Money Market Accounts
  - c. Special Savings Clubs and Money Market Accounts



# Quiz

## Financial Literacy, Unit I

6. Which savings account earns a low interest rate?
  - a. Money Market
  - b. Regular Savings
  - c. CD
  
7. Which loans have lower interest rates?
  - a. short term loans
  - b. long term loans

**Fill in the blank with the best word.**

afford  
reconcile

deposit  
waive

endorse  
withdraw

gross

8. Marlo is going to Los Angeles for the weekend and needs some cash. She's going to the bank tomorrow to \_\_\_\_\_ some money.
  
9. Eva was paid in cash for a cleaning job. She doesn't like to carry cash in her purse, so she's going to \_\_\_\_\_ it at her credit union this afternoon.
  
10. The bank may \_\_\_\_\_ the monthly fee if you have direct deposit.
  
11. Before you deposit or cash a check, you must \_\_\_\_\_ the back of the check.



# Quiz

## Financial Literacy, Unit I

12. When you receive your bank statement, it's important to \_\_\_\_\_ the information on the statement with your check register.
13. Sam will \_\_\_\_\_ \$1800 this month, but after taxes and deductions, his take home pay will be \$1350.
14. If Mohammed doesn't reduce his expenses, he will not be able to \_\_\_\_\_ to get his own apartment.

### True or False?

15. You need to pay a fee when you cash a check at your bank. T F
16. Your money earns higher interest with a CD rather than a regular savings account. T F
17. IRAs are good if you want to save for a vacation. T F
18. A home loan is also called a mortgage. T F
19. You can get a personal loan to buy a computer. T F
20. A loan with low monthly payments will have the least total cost. T F



# Teacher's Notes

## Financial Literacy, Unit I

### Goal of the Curriculum

Students will learn vocabulary and concepts related to banking and credit in the United States. They will use these words and ideas in asking questions, locating information, evaluating offers and making decisions. They will set goals, develop a budget, and understand how to plan for future wants and needs.

### Unit 1, Lesson 1: Basic Banking Services

**Objective:** Students will learn vocabulary and concepts related to basic banking services. Students will be able to identify banking services and begin to name their advantages and disadvantages. This lesson serves as an introduction to the topics covered in subsequent lessons of this unit.

#### U1L1, page 3: Reading Check

1. no
2. no
3. yes
4. yes
5. no

#### U1L1, page 3-4: Vocabulary

1. withdraw
2. deposit
3. interest
4. available
5. bills



# Teacher's Notes

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## Financial Literacy, Unit I

### U1L1, page 3-4: Vocabulary (continued)

6. allow
7. charge
8. cash
9. insert
10. automated
11. loan
12. pay back
13. fee

### U1L1, page 4: Partner Check:

1. savings account
2. cash, check, ATM (or credit card)
3. \$.50 to \$4.00
4. answers may vary but may include 1) you're money is safe; 2) you can earn interest; 3) it's convenient; 4) it's a good way to save money; 5) you can cash your checks for free

### U1L1, page 5: Grammar

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



# Teacher's Notes

**U1L1, page 7:**

You can . . .	You have to . . .
use an ATM at stores, supermarkets and gas stations	pay a fee for using an ATM (not your bank)
get money orders and traveler's checks from your bank	pay extra for cashing a check at a check-cashing business
call the bank to get information about your account	pay interest when you get a loan from a bank
use the internet to find out about your account	

**U1L1, page 8: Think and Discuss**

This activity helps students to review what they've learned, and at the same time, it acts as a preview for the lessons that follow. You may want to come back and re-visit this brainstorming activity after students FINISH the unit (so they can add to their initial ideas).

It can be done in groups of three to five. It may be helpful to brainstorm the first few advantages and disadvantages (of checking accounts) together as a whole class before breaking up into groups. Allow approximately 15 minutes for the brainstorming in groups and 10 minutes for groups to report back.



# Teacher's Notes

## Financial Literacy, Unit I

Here are some possible answers that students may write.

### Checking Accounts

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>-don't have to pay bills in person</li> <li>-don't have to pay to cash your paycheck</li> <li>-you don't have to keep or carry large amounts of cash</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-you don't have as much cash available</li> <li>-some businesses don't accept personal checks for payment</li> <li>-many banks charge fees for checking accounts</li> <li>-</li> </ul>

### Savings Account

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>- You increase your money (by being paid interest).</li> <li>-Your money is safe.</li> <li>-encourages (helps) you to save more money for the future</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-can't always get your money out quickly</li> <li>-you usually have to keep a minimum balance</li> <li>-</li> </ul>



# Teacher's Notes

## Financial Literacy, Unit I

### ATM

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>-Cash any time</li> <li>-Can deposit and transfer money at any time</li> <li>-it's convenient</li> <li>-most businesses now accept ATM cards for payment</li> <li>-You can check your balance at any time</li> <li>-You can buy stamps at some ATM machines</li> <li>-It is faster than going into the bank</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-Maybe you'll spend too much</li> <li>-You often have to pay fees for using an ATM machine that is not from your own bank.</li> <li>-You might lose the card.</li> <li>-</li> </ul>

### Loans

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>-Can buy bigger things like a car or house</li> <li>-Can provide opportunities for education or training</li> <li>-Can help you to establish a credit record (history)</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-Can be expensive</li> <li>-Increases your debt</li> <li>-You have to keep paying it back even if you lose your job or get sick</li> <li>-You might borrow (or spend) more than you can comfortably pay back</li> <li>-</li> </ul>





# Teacher's Notes

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## Financial Literacy, Unit I

### Unit 1, Lesson 2: Checking Accounts

**Objective:** Students will be able to ask questions in order to select a checking account. Students will be able to write checks and fill out deposit slips. They will be able to use a check register and bank statement to balance and reconcile their checking account.

#### U1L2, page 3: Key Questions

This is a pronunciation exercise for students to practice (and differentiate between) information and yes/no questions. Explain and model 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). Have students practice in pairs.

#### U1L2, page 4: Basic Checking Accounts

1. Pacific Credit Union
2. Yes, for direct deposit of pay checks
3. All 3 - California Sun, Pacific Credit Union, San Diego First
4. \$17.50

#### U1L2, pages 5 and 6: Basic Checking Accounts

This is an information gap activity. Students work with a partner asking questions to find out and write down the information missing from their chart.



# Teacher's Notes

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## Financial Literacy, Unit I

### U1L2, page 7: Writing Checks

Check Information to be filled out:

Date: 02/02/01

Pay to the order of: Smith's Bookstore

Amount: \$26.17

For: an English book & dictionary

### U1L2, page 8: Writing the Dollar Amount on a Check

Dictation Script (Students write in words and add wavy line as in a check.)

1. \$5.26
2. \$121.00
3. \$12.28
4. \$342.61
5. \$15.09

### U1L2, page 8: Dictation

The date is February 3<sup>rd</sup>, 2001.

The check is written to All Night Pharmacy.

The amount is \$17.53.

The check is for medicine.

The check is written by Maria Lopez.

### U1L2, page 11: Read Maria's check register

1. 12/30
2. \$40.00
3. Food Basket Supermarket
4. \$1670.87
5. 2



# Teacher's Notes

## Financial Literacy, Unit I

### U1L2, page 11: Activity

$$\$812 - \$38.92 = \$773.96$$

$$\$773.96 - \$26.17 \text{ (check 4652)} = \$747.79$$

$$\$747.79 - \$17.53 \text{ (check 4653)} = \$730.26 \text{ (new balance)}$$

### U1L2, page 12: Reading a Bank Statement

1. January
2. \$1752.76
3. 2
4. 1/4 and 1/12
5. 6
6. 1/17
7. \$45.00
8. \$1661.87
9. \$9.00

### U1L2, page 14: Reconciling Your Checking Account

This activity can be done as a whole group or as a jigsaw with one pair completing the reconciling of the bank statement (page 14) and another pair completing the reconciling of the checkbook (page 15). If both pairs end with the same amount (\$721.26) the statement and checkbook are "reconciled."



# Teacher's Notes

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## Financial Literacy, Unit I

### Page 14

#### Step 1

A. \$1661.87

#### Step 2

B. \$940.61 ( $\$600.00 + \$257.99 + \$39.92 + \$26.17 + \$17.53 = \$940.61$ )

#### Step 3

A. \$1661.87

B. \$940.61

C. \$721.26

#### Step 4

D. 0

#### Step 5

C. \$721.26

D. 0

E. \$721.26

### U1L2, page 15: Steps 6-10

#### Step 6

F. \$730.26

#### Step 7

G. \$9.00



# Teacher's Notes

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## Financial Literacy, Unit I

### Step 8

- F. \$730.26
- G. \$9.00
- H. \$721.26

### Step 9

- I. 0

### Step 10

- H. \$721.26
- I. 0
- J. \$721.26

## Unit 1, Lesson 3: Savings Accounts

**Objective:** Students will be able to identify characteristics of different types of savings accounts (i.e. CDs, Money Market Accounts, etc.) and their advantages and disadvantages. They will be able to recommend the best account for various purposes.

### U1L3, page 4: Savings Account Questions

#### Regular Savings

1. T
2. F
3. F



# Teacher's Notes

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## Financial Literacy, Unit I

### Certificates of Deposits (CDs)

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

### U1L3, page 5: Savings Account - Comprehension Questions

1. regular savings
2. CD or Money Market
3. Special Savings Club



# Teacher's Notes

## Financial Literacy, Unit I

### Unit 1, Lesson 4: Loans

**Objective:** Students will be able to identify different types or purposes of loans. They will evaluate car loans based on interest rate and monthly payment. They will be able to ask questions that will assist them in selecting a loan.

#### U1L4, page 1: Pre-Reading

Discuss with students what each drawing represents: buying a home, graduating from high school or college, buying a computer, taking a vacation, and opening a new business. Students then put a check next to the things they would like to do or have in the future.

#### U1L4, page 2: Reflect

Students may write or discuss their answers to the pre-reading question.

#### U1L4, page 3: Reading Check

1. no
2. yes
3. yes
4. yes
5. yes

#### U1L4, page 3: Samuel and Miranda's Story

Before beginning the story, you may want to have students look at the drawings on pages 3, 4 and 5 and make predictions about Samuel and Miranda.



# Teacher's Notes

## Financial Literacy, Unit I

Students read the story and answer questions as they go along. This exercise can be done as a group activity, or as a paired activity (with pairs then checking and discussing with other pairs as they finish each section.)

### U1L4, page 4: Samuel and Miranda's Story

**How much money have Samuel and Miranda saved together?**

\$1200 (\$100 a month for 12 months)

**How much did Samuel save when he was single?**

\$1680 (\$40 a month for 42 months - He was working for  $3\frac{1}{2}$  years before he got married.)

**Now, Samuel and Miranda have \_\_\_\_\_ for a down payment.**

\$2040 (half of \$1680 = \$840 + \$1200)

### U1L4, page 5: Samuel and Miranda's Story

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

\$2010 (\$1200 + \$810)

**What are their fixed expenses each month?**

\$1500 (\$750 + \$45 + \$55 + \$300 + \$150 + \$200)

**If they save \$100 per month, how much monthly income remains?**

\$410 (\$2010 - \$1500 - \$100)

**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.





# Teacher's Notes

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## Financial Literacy, Unit I

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.

### U1L4, page 6: Vocabulary Check

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

### U1L4, page 7: Which loan?

#### 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

#### West Coast Federal Credit Union

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



# Teacher's Notes

## Financial Literacy, Unit I

### 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

Answer the following questions about all the loans, A - F.

1. Loan E
2. Loan A
3. Loan D
4. Loan F
5. Loan D (\$10,860)
6. Loan E (\$12,240)
7. 3 years  
4 years  
5 years  
6 years
8. shorter loans
9. longer loans
10. Answers will vary

### U1L4, page 10: Pronunciation

Have students drill the questions as pronunciation practice before moving on to the information gap exercises. Underlined words are stressed (higher).



# Teacher's Notes

## Financial Literacy, Unit I

### U1L4, pages 10 and 11: Pair Practice

First, students, ask the teacher the questions they have just practiced. Teacher models how to say each amount. For example, "six and a quarter per cent." Students write the amounts in the boxes provided, asking for clarification as needed.

Next, students, in pairs, ask each other the questions about the loans.

The answer key is on page 12.

### U1L4, pages 13, 14, 15: 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



# Teacher's Notes

## Financial Literacy, Unit I

### 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



# Teacher's Notes

## Financial Literacy, Unit I

### 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

No Balance

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

### Unit 1 Quiz

1. a
2. b
3. c
4. c
5. a
6. b
7. a
8. withdraw
9. deposit
10. waive



# Teacher's Notes

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## Financial Literacy, Unit I

11. endorse
12. reconcile
13. gross
14. afford
15. F
16. T
17. F
18. T
19. T
20. F



# Resource List

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## ESL Texts

### References for Unit 1

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Morton Starkey, Carolyn, and Norgina Wright Penn. "Chapter 8: Filling Out Forms and Applications." *Building Real Life English Skills*. Lincolnwood, IL: National Textbook Company, 1984.



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Roddy, Michael. "Unit 7: Banking." *English Day by Day*. Novato, CA: Academic Therapy Publications, 1989.

Zwier, Lawrence. "Lesson 48: Paying for Things"; "Lesson 49: Going to a Bank"; Lesson 50: Using an ATM." *English for Everyday Activities*. Syracuse: New Readers Press, 1999.



# Introduction to Credit

## Lesson 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 \_\_\_\_\_  
 \_\_\_\_\_  
 I think credit cards are bad because \_\_\_\_\_  
 \_\_\_\_\_
  
4. I \_\_\_\_\_ received a loan in the U.S.  
 have / haven't
  
5. I \_\_\_\_\_ a loan in my country.  
 received / didn't receive



What kinds of credit do these pictures represent?



# Introduction to Credit

## Lesson 1



### What is Credit and Why Do 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.



# Introduction to Credit

## Lesson 1

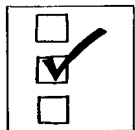


### Did you understand?

- I. Number the pictures (1, 2, or 3) at the bottom of page 1 to indicate whether they illustrate the first, second or third way to show you have a good credit history.
- II. Write the best word or words in the spaces.

***credit history credit risk secured unsecured  
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: Find the word in bold from the reading that means the same as 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 \_\_\_\_\_



# Introduction to Credit

## Lesson 1



### 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. \_\_\_\_\_



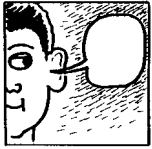
# Introduction to Credit

## Lesson 1

### 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 36<sup>th</sup> St.

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.

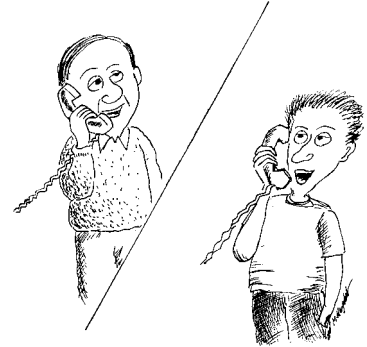
Renter: I don't have any credit cards, but I always pay my bills on time. The bank told me to get letters to show I have a good record. Could you write me a letter?

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.





# Introduction to Credit

## Lesson 1

- Landlord: When do you need it?
- Renter: As soon as possible. When could you have it ready?
- Landlord: Tomorrow after 6:00PM.
- 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.



### Listening Check: Do you understand? Circle

yes or no.

- |    |   |     |    |
|----|---|-----|----|
| 1. | Max has credit cards.                                       | yes | no |
| 2. | Max has a good credit history.                              | yes | no |
| 3. | Mr. Lawrence thinks Max has a good rental history.          | yes | no |
| 4. | Mr. Lawrence will write Max a letter.                       | yes | no |
| 5. | The letter needs to say how long Max has lived in the U. S. | yes | no |
| 6. | The letter needs to say if Max pays his rent on time.       | yes | no |
| 7. | Max wants to buy a house.                                   | yes | no |
| 8. | Max will pick up the letter from Mr. Lawrence at 6:30.      | yes | no |



# Credit Cards

## Lesson 2



### Before You Read

What are the names of some of the credit cards that you know?

What do you think is the average interest rate for credit cards right now?

Do you have any experience using a credit card? In your county? In the U.S.?

What are the advantages/disadvantages of using credit cards?

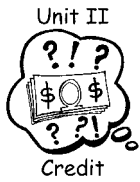


### Credit Cards

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 this example of a credit card invitation and answer the questions on the page 3.



# Credit Cards

## Lesson 2

### Partner Talk

You are pre-approved  
For our *new* Visa card



##### 42356752980 8777083 KNBV  
Marco Simponi  
8679 3<sup>rd</sup> Avenue  
Los Angeles, CA 92345-4337

Just fill out the application and  
mail it before **August 21, 2001!**

**2.9%APR**

*on purchases*  
**until May 1, 2002**

Dear Marco Simponi,

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 1<sup>st</sup>, 2002, and a low annual fee of only \$25.

### Get up to \$3000 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, 2002 and a low annual fee of \$25. Return your application or call us now so you can enjoy the benefits of your new card.





# Credit Cards

## Lesson 2



Now, talk about the invitation with a partner. Decide if you think that this credit card is a good offer.

Yes                       No                       I'm not sure.

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

- 1.
- 2.
- 3.



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!

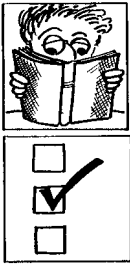
### • Visa Credit Card Terms •

Annual Percentage Rates	Promotional rate of 2.9% on purchases until May 1 <sup>st</sup> , 2002. After May 1 <sup>st</sup> , 2002: 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
Annual Fee	\$25
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



# Credit Cards

## Lesson 2



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 it says:	What it really means:
2.9% APR on purchases until May 1 <sup>st</sup> , 2002	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 1 <sup>st</sup> , 2002. After that, it will increase to 13.99% or higher.

- The interest rate in June 2002 will be 2.9%.
 

True	False
------	-------
- The interest rate can go higher than 13.99% in the future.
 

True	False
------	-------

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.
--------------------------	--

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

True	False
------	-------
- Some credit cards do not charge an annual fee.
 

True	False
------	-------



# Credit Cards

## Lesson 2

What it says:	What it really means:
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.

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

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.
-----------------------------------	---

7. You can use a credit card to get cash. True False
8. You don't pay interest on a cash advance. True False

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.
----------------------------------	--

9. You must pay a fee every time you spend more than your limit. True False
10. Credit limits are the same for everyone. True False



# Credit Cards

## Lesson 2



Read the terms on page 3 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, 2002? \_\_\_\_\_
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.                  |



# Credit Cards

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## Lesson 2

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 Cards

## Lesson 2



Look at the terms from this Advantage Mastercard and answer the questions.

### • Advantage Mastercard Terms •

Annual Percentage Rates	Introductory rate of 5.9% until June 1 <sup>st</sup> , 2002. After June 1 <sup>st</sup> , 2002: For purchases: 11.99% For cash advances: 28.99% If you do not follow the Terms: Up to 23.99%
Grace Period	20 days, but none on balance transfers
Annual Fee	None
Minimum Finance Charge	50 cents
Transaction Fee for Cash Advances	4% of the amount of each cash advance, but not less than \$10
Transaction Fee for Balance Transfers	4% of the amount of each balance transfer, but not less than \$10
Transaction Fee for Late Payments	\$29
Over-the-Credit-Limit Fee	\$29

1. What is the interest rate after June 1, 2002 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 Cards

## Lesson 2

### 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

**America One Visa**  
 Remove top portion and return with payment  
 For account information call 1-800-789-6677

Olga Ivanovich  
 1622 Cordly Drive  
 San Diego, CA 92105

Make check payable to:  
 America One Bank  
 P.O. Box 1234  
 Anywhere, CA 92111

<b>Account Number</b> 5490 9966 1225 9833		<b>Payment Due Date</b> 12/10/01	<b>New Balance</b> \$972.02
<b>Credit Limit</b> \$3,000.00		<b>Minimum Payment Due</b> \$43.00	<b>Amount Enclosed</b> 

<b>Account Number</b> 5490 9966 1225 9833	<b>Credit Limit</b> \$3,000.00	<b>Cash or Credit Available</b> \$2027.98	<b>Days in Billing Cycle</b> 33	<b>Closing Date</b> 11/14/01	<b>Minimum Payment Due</b> \$43.00	<b>Payment Due Date</b> 12/10/01
--	-----------------------------------	--	------------------------------------	---------------------------------	---------------------------------------	-------------------------------------

Posting Date	Transaction Date	Reference Number	Transactions November 2001	Charges	Credits
<i>Payments and Credits</i>					
10/21		8765	Walmart #147 San Diego		37.17
11/07		2098	Payment - Thank you		60.00
<i>Purchases and Adjustments</i>					
10/18		1666	Office Port San Diego, CA	17.63	
10/26		1790	Thompson's Medical El Cajon, CA	90.00	
11/01		3387	Cutrite Market San Diego, CA	47.12	

Previous Balance	- Payments and Credits	+ Cash Advances	+ Purchases and Adjustments	+ Periodic Rate Finance Charge	+ Transaction Fee	(=) New Balance Total
\$901.98	\$97.17	\$0.00	\$154.75	\$12.46	\$0.00	\$972.02

For this billing period:  
 Annual Percentage Rate.....12.99%

Mail payments to:  
 America One Bank  
 P.O. Box 1234  
 Anywhere, USA 92111

For customer information call  
 1-800-789-6677

<b>Total Minimum Payment Due</b>	
Past due amount.....	\$0.00
Current payment.....	\$43.00
Total Minimum Payment Due.....	\$43.00

The total amount of money that Olga owed last month

The interest rate Olga will pay this month

late



# Credit Cards

## Lesson 2



Read this credit card bill and answer each question.

1. What is the smallest amount that Olga can pay this month? \_\_\_\_\_
2. How much does Olga owe America One Bank? \_\_\_\_\_
3. How much did she pay the credit card company last month? \_\_\_\_\_
4. What is the APR during this month? \_\_\_\_\_
5. How much does she owe for interest this month? \_\_\_\_\_
6. How many purchases did she make during this billing period? \_\_\_\_\_
7. When is her next payment due? \_\_\_\_\_





# The Credit Report

## Lesson 3



### Before You Read

In your country how do banks or other lenders decide if they want to loan you money?

In the U.S. how do you think they decide?



### The Credit Report

A credit report provides information about how much money you owe and if you pay your credit bills on time. When you borrow money, the creditor reports this information to the credit reporting agencies. Lenders and creditors use your credit report to decide if they want to lend you money.

There are three main credit reporting agencies in America: TransUnion, Experian, and Equifax. The reports from these agencies might look different, but they have the same information. They include five types of information.

1. **Personal information:** Your name, address, employer, date of birth, social security number and any previous addresses and employers. This information comes from credit applications that you have filled out in the past, so it may not always be current.

### Personal Identification Information

Cesar Escovar  
123 Current Address  
City, State 00000

Social Security #: 123-45-6789  
Date of Birth: April 10<sup>th</sup>, 1940

Previous Address(es)  
246 Former Road, Austin, TX 30000  
P.O. Box 3456, Dallas, TX 40000

Last Reported Employment:  
Robertson's Department Store



# The Credit Report

## Lesson 3

2. **Credit Score:** Credit report companies will look at all of the information on your report and give you a credit score. They use your debt, credit history, and payment records to determine your score. If your score is high, you will have a better chance of getting credit. If your score is low, you may be turned down for credit. If this happens, you can work to improve your score for the future. (There are different systems for scoring a credit report. The score is different depending on which company does the report.)

Score
289

3. **Credit History:** Information from all of your past and present credit accounts or loans. If you have never used credit in the United States, your report may not include any information in this section.

Credit Account Information											
Creditor Account Number	Date Reported	Date Last Activity and Date Opened	Highest Credit or Limit	Balance Owed	Amount Past Due	Acct. Type	No. of Mos. Reviewed	Times/Dates Past Due			Payment Amount
								30-60 days only	60-90 days only	90 days and over	
ABC Dept.Store 819009819833	6/01	7/00 11/91	1000	0	0	J - R	115	1 1/96	1 2/96	1 3/96	\$0
Amwest Bank 645890	6/01	5/01 3/99	5000	3800	0	J - I	22	0	0	0	\$70
XYZ Credit Card 9871345267809	7/01	5/01 8/95	2500	320	20	J - R	71	1 6/01	0	0	\$12
ToyotaCar Loan 8586789	4/01	3/01 11/98	6500	1140	0	J - I	29	0	0	0	\$100



# The Credit Report

## Lesson 3

- 4. Public Records:** Includes bankruptcy records, court records, tax debts and any other legal records regarding money that you owe.

### Public Record Information

Bankruptcy Filed 12/92; Northern New Jersey Court; Case Number 673HC12

- 5. Credit Inquiries:** A list of businesses that received your credit report in the past 2 years.

### Companies that Requested your Credit File

09/06/01 Equifax	08/27/01 M&B Toyota
07/29/01 East-West Visa	07/03/01 ABC Mastercard
04/10/01 Good's Department Store	12/31/00 Experian



# The Credit Report

## Lesson 3

### A Sample Credit Report

#### Personal Identification Information

Cesar Escovar Social Security #: 123-45-6789  
 123 Current Address Date of Birth: April 10<sup>th</sup>, 1940  
 City, State 00000

Previous Address(es) **A**  
 246 Former Road, Austin, TX 30000  
 P.O. Box 3456, Dallas, TX 40000

Last Reported Employment:  
 Robertson's Department Store

#### Score

789 **B**

#### Credit Account Information

Creditor Account Number	Date Reported	Date Last Activity and Date Opened	Highest Credit or Limit	Balance Owed	Amount Past Due	Acct. Type	No. of Mos. Reviewed	Times/Dates Past Due			Payment Amount
								30-60 days only	60-90 days only	90 days and over	
<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>	<b>K</b>			<b>L</b>
ABC Dept.Store 819009819833	6/01	7/00 11/91	1000	0	0	J - R	115	0	0	1 3/96	\$0
Amwest Bank 645890	6/01	5/01 3/99	5000	3800	0	J - I	22	0	0	0	\$70
XYZ Credit Card 9871345267809	7/01	5/01 8/95	2500	320	20	J - R	71	1 6/01	0	0	\$12
ToyotaCar Loan 8586789	4/01	3/01 11/98	6500	1140	0	J - I	29	0	0	0	\$100

#### Public Record Information

Bankruptcy Filed 12/92; Northern New Jersey Court; Case Number 673HC12 **M**

#### Companies that Requested your Credit File

09/06/01 Equifax	08/27/01 M&B Toyota
07/29/01 East-West Visa	07/03/01 ABC Mastercard
04/10/01 Good's Department Store	12/31/00 Experian

**N**



# The Credit Report

## Lesson 3



Read the credit report to answer these questions. Write the letter to identify the location of the information on the report.

1. Where can you find information about how many credit accounts Cesar has?
2. Where can you find how much Cesar has to pay each month for his car?
3. Where can you find how many companies have looked at Cesar's credit report?
4. Where can you find if Cesar has any late payments?
5. Where can you find Cesar's credit limit for each credit card?
6. Where can you find Cesar's score on the credit report?
7. How many late payments does Cesar have?



Your credit report can help you or hurt you when you want to borrow money. If your report shows that you are a responsible borrower, pay all of your bills on time, and don't have too much debt, it can help you. But, a credit report with some of the following things might hurt you:

- too much **debt**
- late or **skipped** payments
- too many credit cards
- **foreclosure**
- **bankruptcy**



# The Credit Report

## Lesson 3



### Vocabulary Check

Use your dictionary to find the meaning of the words in bold type. Write the appropriate definitions in the spaces below.

Word

Definition

_____	_____
_____	_____
_____	_____
_____	_____

### Getting a Copy of Your Credit Report



Many people have never seen their credit report. It's a good idea to look at your credit report to make sure that the information is correct. You can call an agency and ask them to send you a copy. There is usually a fee that is about \$8-\$10. You must call the company or check their internet site to find the fee. If you have been turned down for credit, you can get a copy of your report for free.

After you receive the report, read it carefully. Sometimes a creditor or the credit report agency makes a mistake. If you find a mistake you will need to contact the creditor and the credit report agency. They will correct it.

You can call the company, go to their internet site, or write a letter to ask for a copy of your report. You must provide the following information: your name, spouse's name, current and previous addresses for the past five years, social security number and date of birth. If you write, be sure to include a check or money order for payment. You will also need two proofs of residence such as a copy of your driver's license and a utility bill. If you call or use the internet, be prepared to give your credit card information for payment.

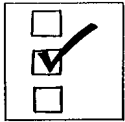


# The Credit Report

## Lesson 3

### Credit Reporting Agencies

Company Name	Address	Phone Number
Experian (formerly TRW)	P.O. Box 949, Allen, TX 75002-0940	1-888-397-3742
Equifax	P.O. Box 740241, Atlanta, GA 30374	1-800-685-1111
Trans Union	2 Baldwin Place, P.O. Box 1000, Chester, Pa 19022	1-800-888-4213



Decide whether these sentences are true or false and circle the correct answer.

- There are 3 major credit reporting agencies. T F
- The telephone number for Equifax is (888)397-3742. T F
- Most people can not get a copy of their credit report. T F
- You should include a copy of your social security card with your letter. T F
- Credit reports always have correct information. T F



# The Credit Report

## Lesson 3



### Writing Exercise

You are Lee Johnson and you would like to see your credit report for the first time. Choose one of the credit reporting agencies and write a short letter to ask for a copy of your report. Be sure to include the necessary information in your letter. (You will need to invent the answers.)

### A Business Letter

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Dear Sir or Madam,

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Sincerely yours,

Lee Johnson





# Quiz

---

## Financial Literacy, Unit II

**Choose the best answer.**

1. Which one of the following is an example of non-traditional credit?
  - a. rental payments
  - b. loans
  - c. credit cards
2. What kind of credit card can you get by giving a deposit?
  - a. secured
  - b. unsecured
  - c. traditional
3. On a credit card statement, what does "new balance" mean?
  - a. the amount of credit you can borrow
  - b. the smallest amount you can pay for this month
  - c. the total amount of money you owe the company
4. Which of the following information is **NOT** found on your credit report?
  - a. Credit Card Balances Owed
  - b. Credit Card Interest Rate
  - c. Credit Inquiries by Businesses
5. When will a bank check your credit report?
  - a. when you open a checking account
  - b. when you buy a car with cash
  - c. when you apply for a loan or credit card
6. What is one advantage to having a credit card?
  - a. You can increase your debt.
  - b. You can make larger purchases.
  - c. You can pay low interest.



# Quiz

## Financial Literacy, Unit II

### Fill in the blank with the best word.

establish credit

foreclosure

credit limit

cash advance

grace period

skipped payment

credit risk

late fee

7. If you don't pay the minimum balance on your credit card, you will probably have to pay a \_\_\_\_\_ of \$29 or more.
8. Paying your bills on time is a way to \_\_\_\_\_.
9. Using your credit to get money is called a \_\_\_\_\_.
10. The \_\_\_\_\_ is the amount of time the bank gives you to pay off your debt without interest.
11. The total amount of money that a credit card company will permit you to spend is your \_\_\_\_\_.
12. A \_\_\_\_\_ is when the bank takes your house because you have not paid your mortgage for a long period of time.
13. If you don't pay your credit card bill for a month, it is a \_\_\_\_\_.
14. A low \_\_\_\_\_ is someone the bank believes will probably pay back a loan.



# Quiz

---

## Financial Literacy, Unit II

### True or False?

- |   |   |   |
|---|---|---|
| 15. A bank considers a person who always pays their bills on time a high credit risk.                   | T | F |
| 16. When you are shopping for a credit card, try to find one with a high interest rate.                 | T | F |
| 17. Some credit cards do not require an annual fee.   | T | F |
| 18. On your credit card statement, the minimum payment is the total amount you owe.                     | T | F |
| 19. The interest rate on your credit card can change.   | T | F |
| 20. Credit report companies use your debt, credit history, and payment records to determine your score. | T | F |



# Teacher's Notes

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## Financial Literacy, Unit II

### Unit 2, Lesson 1: Introduction to Credit

**Objective:** Students will learn basic vocabulary and concepts related to credit. Students will be able to identify different ways to establish credit. They will be able to identify credit behaviors that categorize a person as a high or low credit risk.

#### U2L1, page 3: Did You Understand?

I.            2                  3                  1      

II.

1. credit risk
2. credit history
3. deposit
4. secured
5. non-traditional

#### U2L1, page 3-4: Vocabulary

1. non-traditional
2. secured
3. show
4. trust
5. risk
6. utility companies
7. proving



# Teacher's Notes

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## Financial Literacy, Unit II

### U2L1, page 4: You Decide

1. low
2. high
3. low
4. high
5. high (It should be noted that even though Luigi has good credit practices now, the unpaid student loan will categorize him as a high risk. Students need to know that bad credit activity in the past needs to be cleared up in order to establish good credit again.)

### U2L1, page 6: Listening Check

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

## Unit 2, Lesson 2: Credit Cards

**Objective:** Students will demonstrate comprehension of the rules and vocabulary associated with credit cards and be able to determine the advantages and disadvantages of credit card offers. Students will recognize the questions that should be asked when selecting a credit card. They will be able to read and understand a credit card bill.



# Teacher's Notes

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## Financial Literacy, Unit II

### U2L2, page 3: Partner Talk

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. Answers will vary but may include:

- low annual fee
- no application fee
- \$3000 in credit
- can use at 20 million locations
- can call to get card faster

### U2L2, page 4-5: What it says/What it really means

1. false
2. true
3. false
4. true
5. false
6. false
7. true
8. false
9. true
10. false

### U2L2, page 6: Read the terms.

1. \$29
2. 25 days
3. yes
4. 13.99%
5. 20.99%
6. It can go up to 23.99%



# Teacher's Notes

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## Financial Literacy, Unit II

**U2L2, page 6-7:** Match each vocabulary word

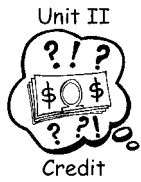
1. G
2. D
3. B
4. A
5. F
6. C
7. E

**U2L2, page 8:** Advantage Mastercard Terms

1. purchases: 11.99%  
cash advances: 28.99%
2. Yes (5.9%)
3. \$0 (There isn't an annual fee.)
4. 20 days
5. \$29

**U2L2, page 10:** Read this credit card bill...

1. \$43.00
2. \$972.02
3. \$60.00
4. 12.99%
5. \$12.46
6. 3
7. 12/10/01



# Teacher's Notes

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## Financial Literacy, Unit II

### Unit 2, Lesson 3: The Credit Report

**Objective:** Students will define vocabulary and demonstrate comprehension of the 5 different sections of a credit report. Students will be able to request a copy of their own credit report.

**U2L3, page 4:** Read the report to answer these questions.

1. C
2. L
3. N
4. F
5. B
6. K

**U2L3, page 4:** Vocabulary

Students will use their dictionary to find, identify, and copy the appropriate definition for each vocabulary word. Upon completion individual students should be chosen to report their definitions to the group to ensure that everyone has the appropriate definition. Teacher can check for comprehension by asking a few questions about Cesar's credit report.

Possible questions:

- Did Cesar ever have a bankruptcy? Will this information help him to get a loan in the future?
- Does Cesar have any debt now? If so, approximately how much debt does he have?
- Is a foreclosure good or bad? Does Cesar's report include a foreclosure?
- Has Cesar skipped a payment in the past?





# Teacher's Notes

## Financial Literacy, Unit II

### U2L3, page 6: Decide...

1. T
2. F
3. F
4. F
5. F

### U2L3, page 7: Writing Exercise

Students should use their imaginations to fill in the appropriate information for Lee Johnson. Teacher should check students' letters or have them switch papers with a partner for a peer review to make sure they have included the necessary information. The following checklist could be passed out to students for use with a peer review. (Teacher can also add additional criteria related to letter writing.)

Writer's name: \_\_\_\_\_ Reviewer's Name: \_\_\_\_\_

Read your partner's letter. Check the box if your partner remembered to include the following information.

- Writer's name
- Spouse's name
- Current address
- Previous address
- Social security number
- Date of birth
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Did the writer begin each sentence with a capital letter? \_\_\_ yes \_\_\_ no

Did the writer end each sentence with a period? \_\_\_ yes \_\_\_ no



# Teacher's Notes

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## Financial Literacy, Unit II

### Unit 2 Quiz

1. a
2. a
3. c
4. b
5. c
6. b
7. late fee
8. establish credit
9. cash advance
10. grace period
11. credit limit
12. foreclosure
13. skipped payment
14. credit risk
15. F
16. F
17. T
18. F
19. T
20. T



# Resource List

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## ESL Texts

### References for Unit 2

Foley, Barbara, and Howard Pomann. "Unit 4: Credit Cards." *Lifelines 4*. Second Edition. White Plains, NY: 1995.

Kasloff Carver, Tina, and Sandra Douglas Fotinos, and Christie Kay Olson. "Chapter 5: Money and Credit." *A Writing Book: English in Everyday Life*. Englewood Cliffs, NJ: Prentice Hall, Inc., 1982.

Kerwin, Michael. "Unit 2: Shopping and Banking." *Topics and Language Competencies 3*. Upper Saddle River, NJ: Prentice Hall Regents, 1996.

Morton Starkey, Carolyn, and Norgina Wright Penn. "Chapter 8: Filling Out Forms and Applications." *Building Real Life English Skills*. Lincolnwood, IL: National Textbook Company, 1984.

# Goals and Budget



## Goals


A goal is an aspiration, ambition or aim. It is something that you would like to do or have or be in the future.

Here are some examples:

- A 6<sup>th</sup> grader wants to get an A in math.
- A professional soccer player wants to play in the World Cup.
- An ESL Student at an adult school wants to study at a university.
- A 16-year-old high school student wants to buy his own car.
- A couple wants to return to Vietnam to visit their family.



Discuss: In groups, see if you can imagine other goals that the following people might have.

An 11 year old	A 16 year old
A 25 year old	A 40 year old
A 65 year old	

# Goals and Budget

## Lesson 1

### 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 1994 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.

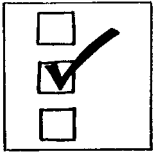
Mohammed went to a career counselor at the center where he studies to get some advice. He felt he needed some help in planning his future and making his dreams come true. The career counselor suggested that he make a list, or map, of his goals as a first step.



# Goals and Budget

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## Lesson 1



**Answer the questions about Mohammed.**

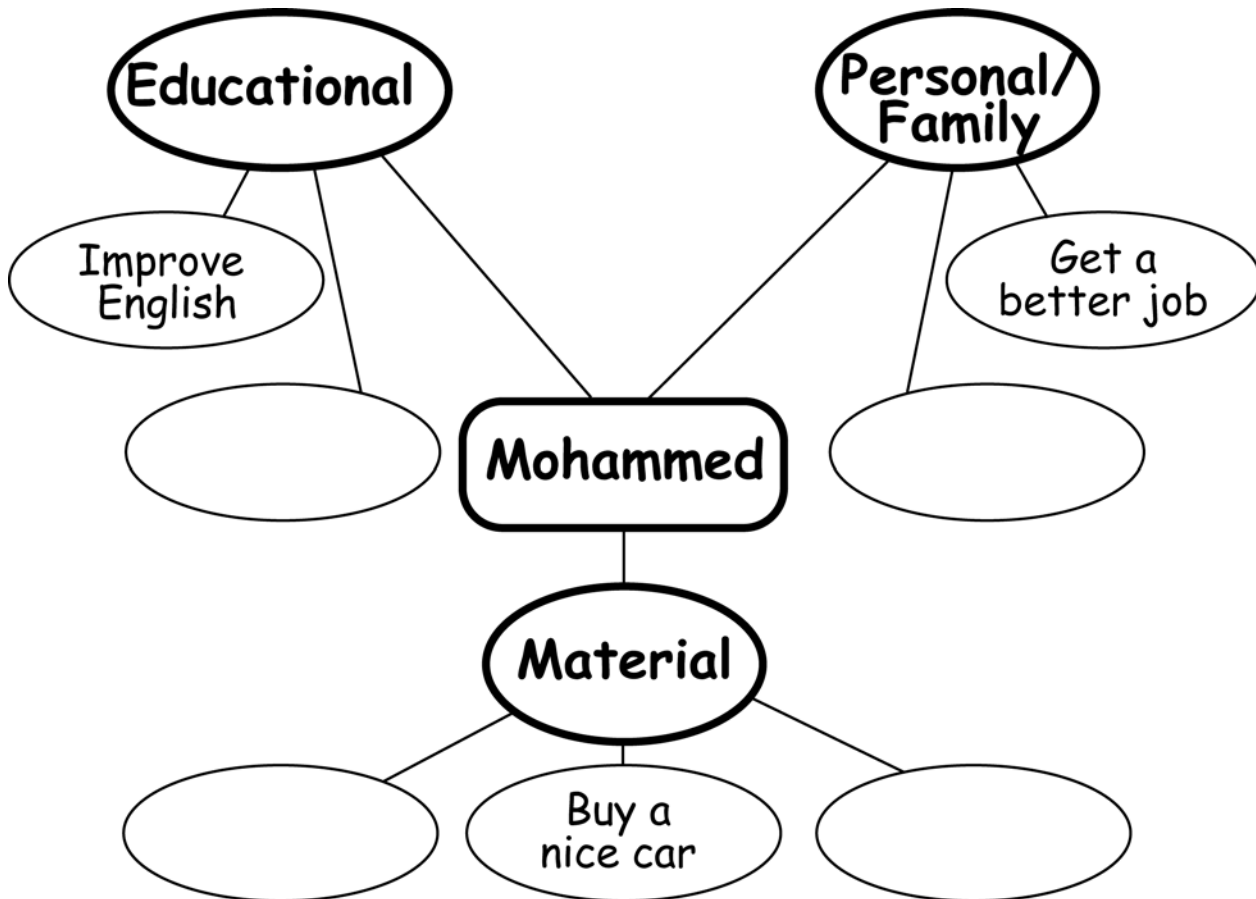
- |                                   |     |    |
|-----------------------------------|-----|----|
| 1. Is Mohammed married?           | yes | no |
| 2. Is Mohammed a student?         | yes | no |
| 3. Does Mohammed have a computer? | yes | no |
| 4. Does Mohammed have a job?      | yes | no |
| 5. Does Mohammed want to move?    | yes | no |

# Goals and Budget

## Lesson 1

Mohammed and his counselor made a "map" of his goals. He has educational goals, personal/family goals and material goals.

### Mohammed's Goals



Here are more of Mohammed's goals. Write them in the circles where you think they should go.

- Get an engineering degree
- Get married
- Buy a computer
- Get own apartment

Think of one or two additional goals that Mohammed might have and make new circles for them.

# Goals and Budget

## Lesson 1

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 gave him a form that will help him see how he spends his money right now.

### Monthly Income and Expenses

**Income** means the money that "comes in" to your home, usually from a job. **Expenses** are the things that you must pay for each month. **Figuring out** your monthly income and expenses is the first step to making a budget or savings plan.



Brainstorm: What do you think some of Mohammed's monthly expenses are? Make a list.

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# Goals and Budget

## Lesson 1



Mohammed used this form to figure his income and expenses for each month.

### Monthly Income and Expenses

Monthly Income		Expenses	
Net pay (take-home pay)* #1	\$ 1600	<b>Housing Expenses</b>	
Net pay (take-home pay)* #2	\$	Rent/Mortgage	\$ 475
Retirement or SSI benefits	\$	Property tax/home Insurance	\$
Government assistance	\$	Home maintenance/repairs	\$
Alimony/child support	\$	Gas and electricity	\$ 35
Other income: car detailing	\$ 100	Water	\$
<b>Total Monthly Income</b>	<b>\$ 1700</b>		
		<b>Other Expenses</b>	
		Food	\$ 220
		Car loan	\$ 110
		Car insurance	\$ 85
		Car maintenance/repairs	\$ 15
		Gasoline	\$ 65
		Public transportation	\$ ---
		Credit card payments	\$ 50
		Loan payments	\$ ---
		Telephone	\$ 30
		Cell phone	\$ 50
		Doctors/dentists	\$ 10
		Insurance (other than car)	\$ ---
		Entertainment	\$ 213
		1. cable television (\$30)	
		2. restaurants & clubs (\$115)	
		3. video rentals (\$28)	
		4. other (\$40)	
		Clothing	\$ 30
		Alimony/child support	\$ ---
		Savings account	\$ ---
		Other expenses	\$ 98
		1. cigarettes (\$80)	
		2. gym membership (\$18)	
		3.	
		4.	
		<b>Total Monthly Expenses</b>	<b>\$ 1486</b>

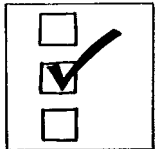
(Sometimes people pay a bill once a year. You can divide the yearly bill by 12 to find out how much it is monthly.)

# Goals and Budget

## Lesson 1

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, or your **Income after Expenses**. This is the money that 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	\$

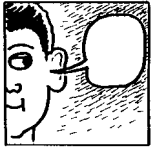


Vocabulary Check: Match the words and definitions.

- |                                |   |
|--------------------------------|---|
| 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                                  |

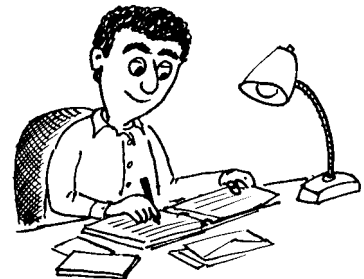
# Goals and Budget

## Lesson 1



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. \_\_\_\_\_



### A New Plan

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.

# Goals and Budget

## Lesson 1

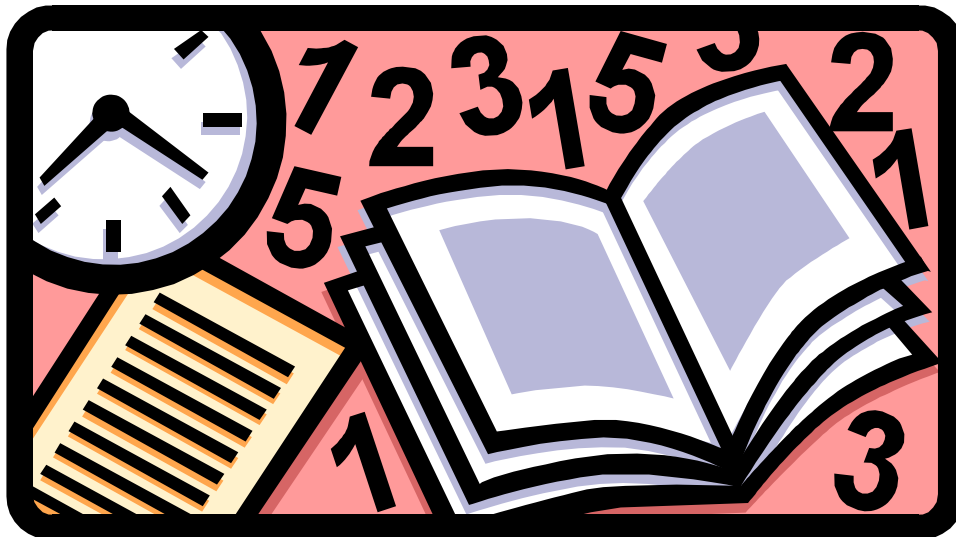


Mohammed will change these things:

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.





# Goals and Budget

## Lesson 1



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. \_\_\_\_\_  
\_\_\_\_\_

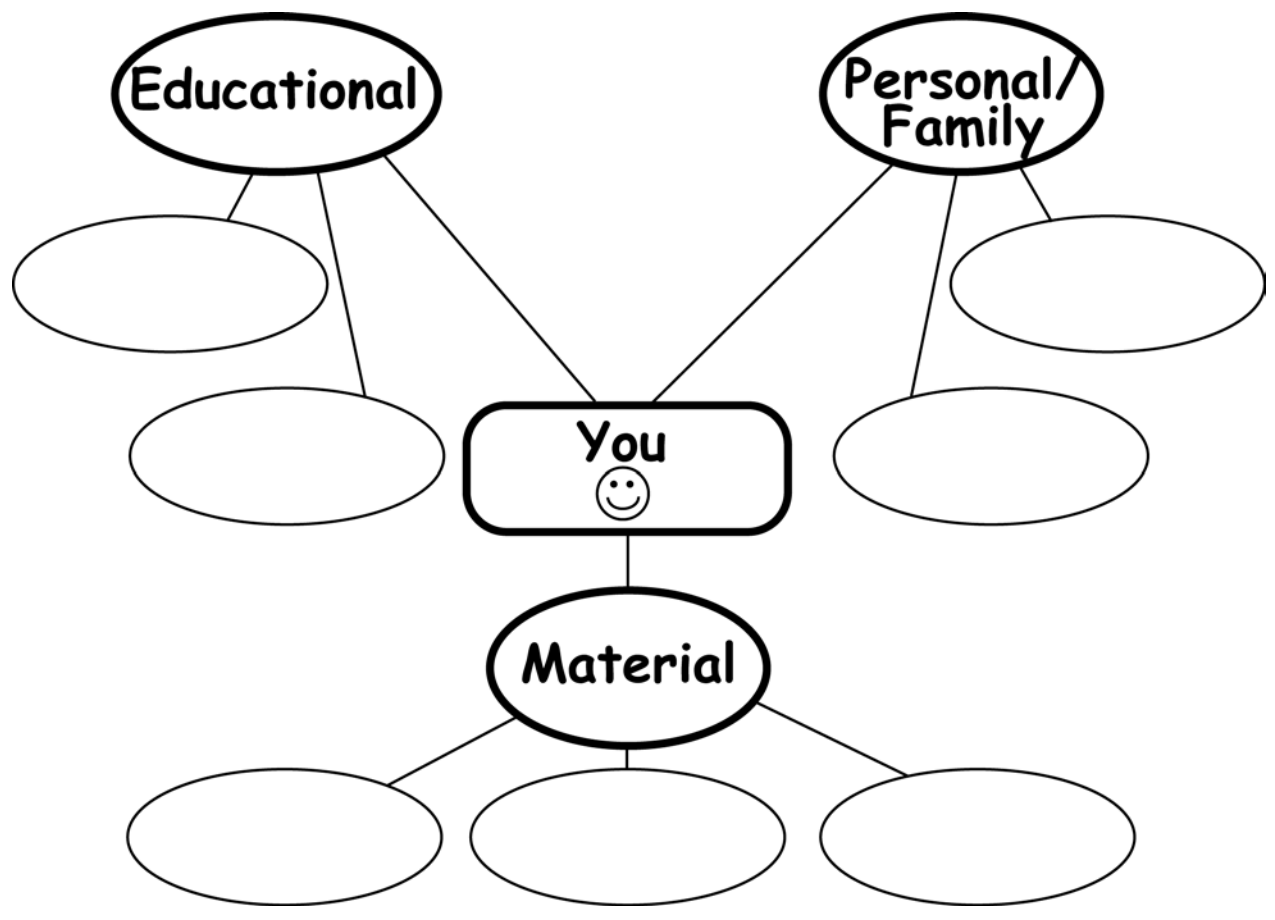
Mohammed's new monthly income after expenses is \$ \_\_\_\_\_.

# Goals and Budget



## Your Goals

Write your goals in the circles.  
Add more circles if you need to.



# Goals and Budget

## Lesson 1



You can use this form to figure out **your** monthly income and expenses.

### Monthly Income and Expenses

Monthly Income		Expenses	
Net pay (take-home pay)* #1	\$	<b>Housing Expenses</b>	
Net pay (take-home pay)* #2	\$	Rent/Mortgage	\$
Retirement or SSI benefits	\$	Property tax/home Insurance	\$
Government assistance	\$	Home maintenance/repairs	\$
Alimony/child support	\$	Gas and electricity	\$
Other income: car detailing	\$	Water	\$
Total Monthly Income	\$		
		<b>Other Expenses</b>	
		Food	\$
		Car loan	\$
		Car insurance	\$
		Car maintenance/repairs	\$
		Gasoline	\$
		Public transportation	\$
		Credit card payments	\$
		Loan payments	\$
		Telephone	\$
		Cell phone	\$
		Doctors/dentists	\$
		Insurance (other than car)	\$
		Entertainment	\$
		1.	
		2.	
		3.	
		4.	
		Clothing	\$
		Alimony/child support	\$
		Savings account	\$
		Other expenses	\$
		1.	
		2.	
		3.	
		4.	
		<b>Total Monthly Expenses</b>	<b>\$</b>



# Goals and Budget

## Lesson 1

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, or 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.

Total Monthly Income	\$
Total Monthly Expenses	- \$
Monthly Income after Expenses	\$



### 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.



# Goals and Budget

## Lesson 1

### Monthly Income and Expenses

Monthly Income		Expenses	
Net pay (take-home pay)* #1	\$	<b>Housing Expenses</b>	
Net pay (take-home pay)* #2	\$	Rent/Mortgage	\$
Retirement or SSI benefits	\$	Property tax/home Insurance	\$
Government assistance	\$	Home maintenance/repairs	\$
Alimony/child support	\$	Gas and electricity	\$
Other income: car detailing	\$	Water	\$
<b>Total Monthly Income</b>	\$		
		<b>Other Expenses</b>	
		Food	\$
		Car loan	\$
		Car insurance	\$
		Car maintenance/repairs	\$
		Gasoline	\$
		Public transportation	\$
		Credit card payments	\$
		Loan payments	\$
		Telephone	\$
		Cell phone	\$
		Doctors/dentists	\$
		Insurance (other than car)	\$
		Entertainment	\$
		1.	
		2.	
		3.	
		4.	
		Clothing	\$
		Alimony/child support	\$
		Savings account	\$
		Other expenses	\$
		1.	
		2.	
		3.	
		4.	
		<b>Total Monthly Expenses</b>	\$

Your new Total Monthly Income	\$
Your new Total Monthly Expenses	- \$
Your new Monthly Income after Expenses	\$



# Growing Your Money

## Lesson 2



### Pre-reading Activity

Many people put money in a savings account to save it and earn interest, or make more money. What are some other ways that people use their money to make more money? Work with a group to make a list of 3 or 4 other ways.

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### 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.



# Growing Your Money

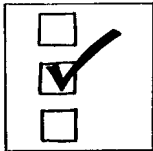
## Lesson 2



Read and answer the questions.

### Stocks

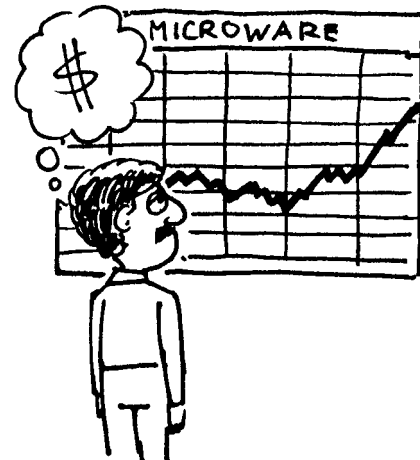
- The investor buys parts of a company which are called "shares."
- When the company does well, the investor makes money. If the company does badly, the investor loses money.
- Some companies will pay their employees with stocks, instead of money.
- All stocks are risky, but some are safer than others.



Last year Jose had about \$2,000 that he wanted to invest. He liked the company Microware and read about it a lot in the newspaper. He decided that buying shares of Microware 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 \$2400.

1. If Microware shares are worth \$52 each, how much would Jose's investment be worth?
2. If Microware shares are worth \$37 each, how much would Jose's investment be worth?





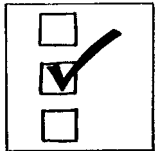
# Growing Your Money

## Lesson 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?



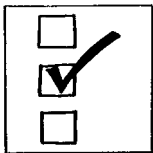
# Growing Your Money

## Lesson 2



### 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:  $\$5000 \times .06 = \$300$  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?



# Growing Your Money

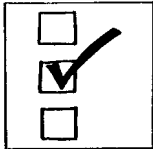
## Lesson 2



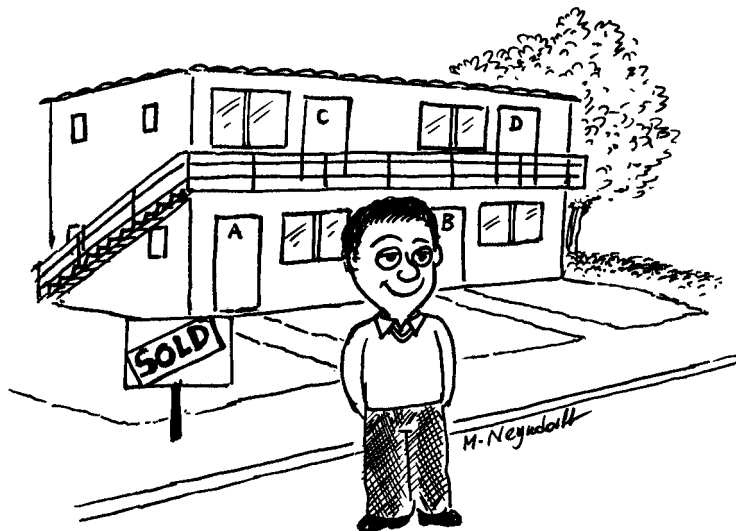
### Real Estate

- 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.



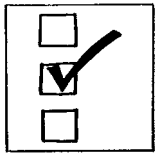
1. If Willem rented the apartments for \$750 each, how much extra money would his family have each month?
2. If Willem rented the apartments for \$650 each, how much extra money would his family have each month?



# Growing Your Money

## Lesson 2

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.



# Growing Your Money

## Lesson 2



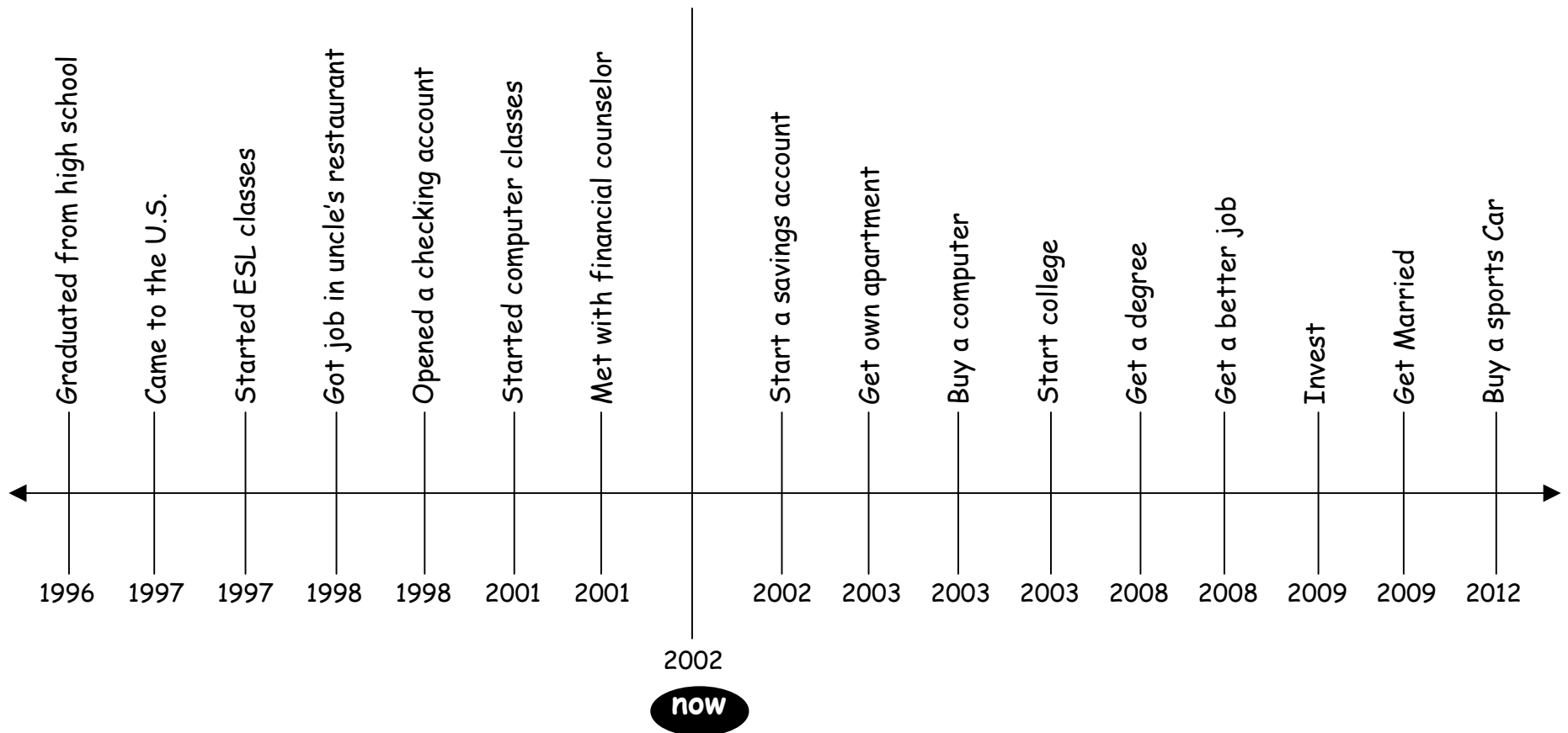
### You decide. What investment is best?

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?

# Personal Timeline

## Lesson 3

Look at Mohammed's timeline and listen to your teacher tell his story.  
 Then, answer the questions.



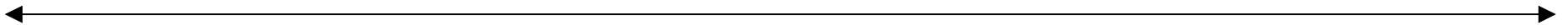


# Personal Timeline

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## Lesson 3

Now, make your own timeline with your goals. Cut out the pictures and place them on the line. Write the dates. Draw new pictures for other goals if you have different ones.





# Personal Timeline

## Lesson 3



apartment



house



computer



job



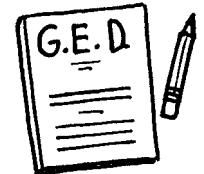
car



own business



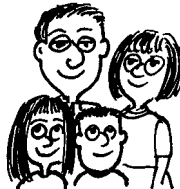
college



GED



marriage



family



checking account



savings account



invest \$



talk to counselor



graduate - get degree



travel/trip



# Quiz

## Financial Literacy, Unit III

### Choose the best answer.

1. If Joe's total monthly income is \$2,200 and his monthly expenses are \$740, what is the total monthly income after expenses?
  - a. \$3940
  - b. \$460
  - c. \$2200
  
2. If Jose's gross monthly income is \$1800 and his taxes and deductions are \$270, what is his net pay?
  - a. \$1800
  - b. \$270
  - c. \$1530
  
3. \_\_\_\_\_ are the only type of investment sold by the U.S. government.
  - a. stocks
  - b. mutual funds
  - c. savings bonds

# Quiz

## Financial Literacy, Unit III

4. If a company is successful, the stock market shares will

\_\_\_\_\_.

- a. increase
- b. decrease
- c. stay the same

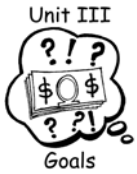
Fill in the blank with the best word.

mutual fund      goal      budget      income

5. Matilde's \_\_\_\_\_ is to start her own dry cleaning business.
6. A group of stocks or similar investments is a \_\_\_\_\_.
7. Lac planned a new \_\_\_\_\_ in order to save money for his university tuition.

True or False?

8. The success of stock market and mutual fund investments depends on a company's profits.      T      F
9. You can make a lot of money with a risky investment.      T      F
10. Your expenses determine your net pay.      T      F



# Teacher's Notes

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## Financial Literacy, Unit III

### Unit 3, Lesson 1: Goals and Budget

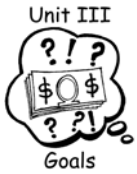
**Objective:** Students will be able to identify goals (personal/family, education, material). Students will be able to list expenses and income. Students will be able to identify income after expenses. Students will be able to recommend changes in expenses and income in order to save more money each month.

#### **U3L1, page 1:** Discuss

Students will brainstorm goals that people might have at different ages. Each group can brainstorm for one of the ages and then share with the class.

#### **U3L1, page 2:** Answer the questions

1. no
2. yes
3. no
4. yes
5. yes

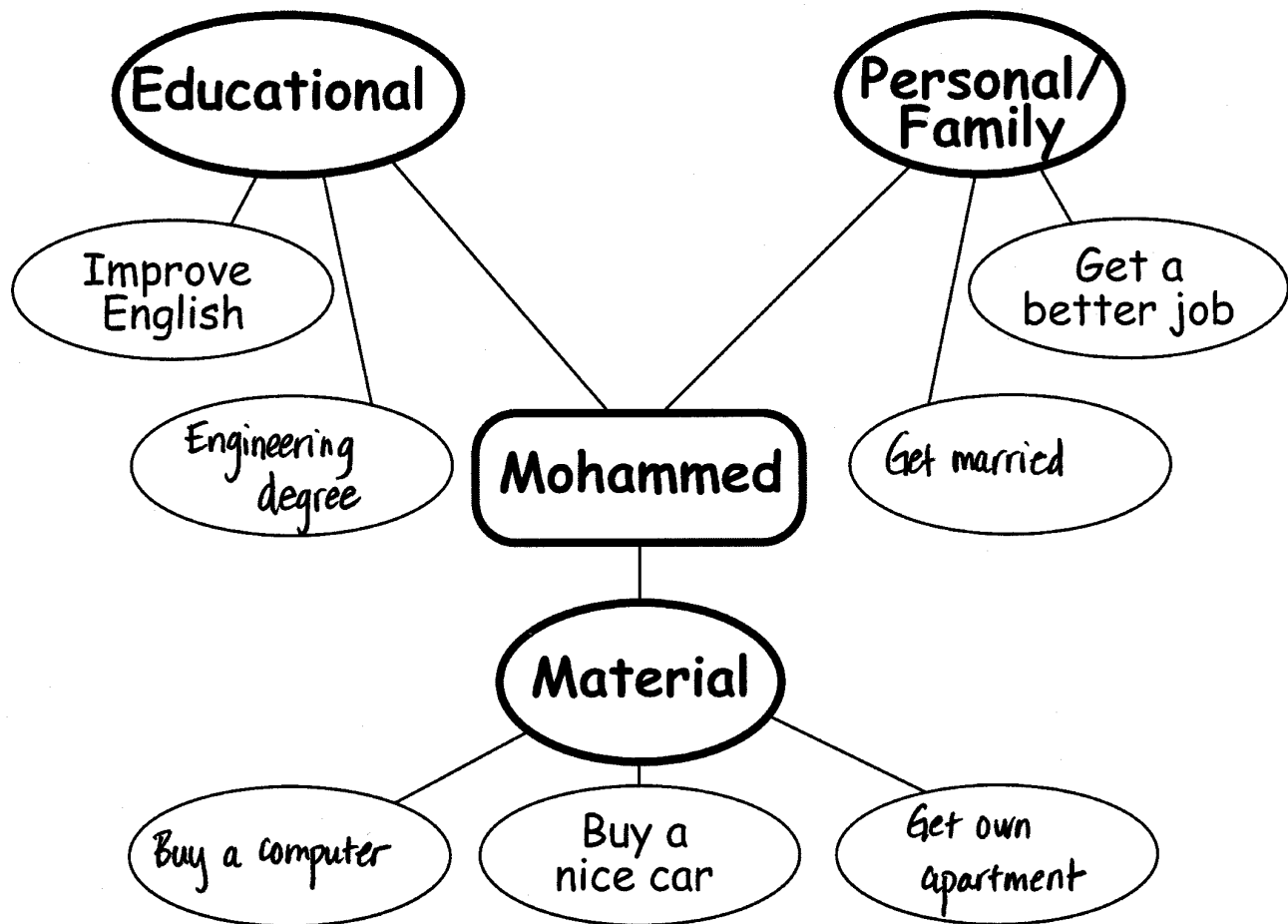


# Teacher's Notes

## Financial Literacy, Unit III

U3L1, page 3: Mohammed's Goals

### Mohammed's Goals

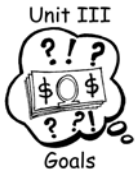


Students may write in additional goals such as buy a house, get a better job, etc.

### U3L1, page 4: Brainstorm

Students should list many of the items that are shown on the next page, i.e. rent, food, phone bill, utilities, transportation, etc. In addition, you may ask students to estimate costs for each of the items.





# Teacher's Notes

## Financial Literacy, Unit III

### U3L1, page 5: Monthly Income and Expenses

Review Mohammed's form and check to see if the same or similar items are listed as were listed on the brainstorming activity (page 4).

### U3L1, page 6: Mohammed's Monthly Income after Expenses

Mohammed's Total Monthly Income	\$1700
Mohammed's Total Monthly Expenses	<u>- \$1486</u>
Mohammed's Monthly Income after Expenses	\$ 214

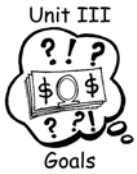
### U3L1, page 6: Vocabulary Check

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

### U3L1, page 7: Listening Comprehension

Read these questions to the students. They will look for the answers write them in the spaces provided on page 7.

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?



# Teacher's Notes

## Financial Literacy, Unit III

### Answers to listening comprehension

1. \$ 220
2. \$ 475
3. \$ 0
4. \$ \$115
5. \$ 50
6. \$ 1700
7. \$ 1600

### **U3L1, page 8:** Mohammed will change . . .

In groups, students brainstorm other ways that Mohammed can save (or increase) his money.

### **U3L1, page 9:** Monthly Income and Expenses

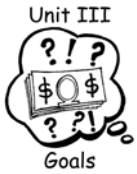
Students copy the information from page 5 that they aren't going to change. They write in their changes. Then they re-calculate Mohammed's income, expenses and income after expenses.

### **U3L1, page 10:** Report

Each group reports the changes they made and the new income after expenses. Use the model sentences to guide students in their reporting. Discuss similarities and differences between the groups' plans. What are the best ideas? Are all the ideas realistic? Which changes would be the most difficult? Which changes would save the most money?

### **U3L1, pages 11, 12, 13, 14**

These pages are optional. They are for students to write their own goals, income and expenses, and new savings plan. You may wish to assign them as homework since students may feel uncomfortable working on these in class.



# Teacher's Notes

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## Financial Literacy, Unit III

### Unit 3, Lesson 2: Growing Your Money

**Objective:** Students will be able to name four ways to increase your money through investments. They will decide which investment is best for different situations. They will identify advantages and disadvantages to each type of investment.

#### **U3L2, page 2: Stocks**

1. \$2600
2. \$1850

#### **U3L2, page 3: Mutual Funds**

1. \$1300
2. \$1050

#### **U3L2, page 4: Savings Bonds**

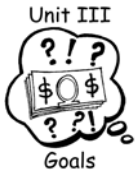
1. \$4800
2. \$7250

#### **U3L2, page 5: Real Estate**

1. \$450
2. \$150

#### **U3L2, page 6: Do you understand?**

1. No
2. Yes
3. No
4. Yes
5. Yes
6. No



# Teacher's Notes

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## Financial Literacy, Unit III

**U3L2, page 6 & 7:** Fill in the blank

1. risky
2. stock
3. real estate
4. finances
5. mutual fund
6. expert

**U3L2, page 7:** You decide.

1. savings bond
2. mutual fund
3. stock
4. real estate

### Unit 3 Quiz

1. b
2. c
3. c
4. a
5. goal
6. mutual fund
7. budget
8. T
9. T
10. F



# Resource List

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## ESL Texts

### References for Unit 3

Foley, Barbara, and Elizabeth R. Neblett. "Unit 8: Future: Going to and Will, Plans and Predictions." *The New Grammar in Action, Book 2*. Boston: Heinle & Heinle, 1998.

Foley, Barbara, and Elizabeth R. Neblett. "Unit 6: Modals of Possibility, Plans and Possibilities"; "Unit 11: Infinitives, The American Dream." *The New Grammar in Action, Book 3*. Boston: Heinle & Heinle, 1998.

Minicz, Elizabeth, and Kathryn Powell. "Unit 8: Saving Money for the Future." *Contemporary English Book 4*. Lincolnwood, IL: Contemporary Books, 1999.

### Texts for Instructor Reference

Consumer Credit Counseling Service of Central New York, Inc. *The Complete Control Your Money*. Syracuse: New Readers Press, 2001.

Fraser, Michele. *Money and More: What You Need to Know in the Real World: Money Masters Student Workbook*. Consumer Credit Counseling Services of San Diego and Imperial Counties, 1998.

Schwartz, Deborah, and Lenore Balliro. *The Money Management and Home-Buying Readiness Sourcebook for Teachers of ESOL and ABE*. Fannie Mae Foundation, 2001.



# Resource List

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## Internet Sites for Student and Instructor Reference

<http://www.ivillage.com/money> - Includes articles on money related topics such as debt, saving, investing, money management, retirement, etc.

<http://www.bankrate.com> - Includes information on interest rates, shopping for loans and credit cards, buying a home, starting a business, and calculators for loans, credit cards and savings plans.

<http://www.smartrate.com> - Includes information on shopping for loans, interest rates, and loan calculators.