

# Money Matters

A black and white illustration of a money bag with a drawstring top, tied at the top. Several coins are scattered on the ground in front of the bag. The bag is shaded with a stippled effect to give it a three-dimensional appearance.

**A Mini-Micropedia  
Activities for Real Life Learning**

by

**Marian B. Latzko**

# **MONEY MATTERS**

## **ACTIVITIES for "REAL LIFE" LEARNING**

These experiences are designed to go along with *MONEY MATTERS- A Mini-Micropedia*.<sup>\*</sup> The sheets are designed to be used:

- with the *Money Matters - Mini-Micropedia* to apply and practice the knowledge offered in the book
- with *I CAN DO IT! A Micropedia of Living On You Own*
- by themselves as appropriate to the teacher and the learner.

**THESE MATERIALS ARE TO BE USED FOR EDUCATIONAL PURPOSES ONLY. THEY SHOULD BE REPRODUCED IN ONLY ONE SCHOOL OR EDUCATIONAL SETTING.**

**It is especially meaningful to allow the mini-micropedias to go with the "students" after their training. In this way they can look up what they need to know when they need it.**

### **LEVELS OF LEARNING**

The experiences are designed for three different levels of understanding needed when making a financial plan.

1. **MINIMAL:** This is for very basic knowledge needed. It includes: goal setting, needs/wants, values, shopping terms, comparison shopping, money transactions, take-home pay, monthly budgeting.
2. **INTERMEDIATE:** This is for further knowledge and includes: sales resistance, consumer fraud, unit pricing, bill payment processes, checking and savings accounts, banking transactions, balancing checkbooks, savings process.
3. **ADEQUATE:** This unit offers more comprehensive knowledge needed. Included are: insurance, consumer complaints, credit, loans, budgets for emergencies and seasonal bills, income taxes.

### **ADDED SUGGESTIONS FOR LEARNING**

**The cover sheet for each level has additional ideas for teaching. These are added to enrich the learning and to apply the knowledge learned in different ways. They will expand the knowledge through real applications. This will be especially meaningful for different types of learners.**

### **TESTS ARE INCLUDED**

If you need to know where the learner's knowledge level is before training, pre-tests are included. They are in the form of oral tests. There are also post-tests that can help evaluate what was learned.

<sup>\*</sup> "Money Matters- A Mini-Micropedia" is taken from appropriate chapters of "I CAN DO IT! A Micropedia of Living On Your Own" by Marian B. Latzko M.S. Copyright 1996 Revised 2000 for its fourth edition.

# ***MONEY MATTERS***

## ***Activities for “Real Life” Learning***

**(level 1, MINIMAL)**

**These experiences are designed for minimal knowledge needed for managing money.**

- Persons teaching money management can use *MONEY MATTERS A Mini-Micropedia* along with these learning experiences.
- The learning experiences can be used with the *Mini-Micropedia, I CAN DO IT! A Micropedia of Living On Your Own*, or by themselves.
- There is an oral pretest and an objective post test included.

**The objectives of this unit are to:**

1. Set personal goals and understand the value of making a money plan to reach the goals
2. Understand the cost of supporting self
3. Recognize how wants (luxuries), needs (necessities), and personal values affect purchases made
4. Comprehend basic shopping terms and coupon use
5. Understand gross wages, deductions, and take-home pay
6. Know the differences between values of coins and currency and can use calculator to figure costs
7. Create a personal “envelope budgeting” method.

### **Suggested Added Learning Experiences**

**(These can be used according to the capability of the learner and the amount of time available.)**

1. Interview people at different stages of life for budgeting advice.
2. Keep track of one week’s purchases. Describe factors influencing the choice and the consequences. (Can make a poster or write analysis.)
3. Collect pictures showing evidences of life style choices (i.e. housing, transportation, health, education, cultural pursuits, energy use, etc.) Consider costs of these choices.
4. Role play a class reunion to visualize what people want to be like in 10 or 20 years.
5. Read a biography or view a film about a famous person to be admired. Make a chart showing person’s goals, resources used, and barriers that the person overcame.
6. Interview admired persons to find when they were born, how they make a living, how they spend their time, how they accomplished their goals in life. Then compare with own lives for similarities.
7. Consider barriers to reaching goals. Discuss how to overcome these barriers.
8. View a TV program with an older adult and chart values and goals of each character. Discuss: consequences of values shown, value changes through the years. Compare personal values to those shown by characters in the program
9. Create imagined budgets for persons in different life situations (i.e. welfare family, retired, college student, person just starting out, etc.)
10. Visit a grocery store with a shopping list to make choices using unit pricing.
11. Look in newspapers, magazines, and advertisements to find coupons. Evaluate their value.
12. Practice making change as if in a grocery store.
13. Make a grocery list with the help of a newspaper and use a calculator to figure the cost.



## “HI, friend! What’s new? ”

**IMAGINE** what it would be like to meet an old friend ten years from now. What would you have to say to each other? When that friend asks questions about your life, what would you be able to answer?

**THINK ABOUT IT!** Have you kept track of old friends? When did you leave your family/caretaker home? Who are you living with now? Are you married? Do you have children? Where are you living now? What type of housing do you have? What kind of work do you do? What education did you complete? Do you have further career plans? What do you do in your leisure time? Do you participate in any community activities?

**WRITE ANSWERS** to these questions, or draw pictures, to symbolize your life during these next ten years. Include any further information that is important to you.

**NOW** make a list of what you need to do now to achieve this life you vision. Include such things as: training/schooling needed, money needed, help needed, alternatives.

**NOW use this list .** Write three goals you can set for yourself to help you accomplish your imagined life. Write one goal to accomplish in 1-4 weeks (short term goal). Write one goal that can be accomplished in 2-12 months (medium term goal). Write one goal to accomplish in more than one year (long term goal). Here’s a layout example you could copy.

<b>GOAL PLANNING</b>			
Goal: _____	Date to accomplish: _____		
Estimated cost: _____	Money still needed: _____	Weekly amount: _____	
Steps to take to reach my goal:			
Where to get help to reach my goal:			
Further information needed to reach my goal:			
Other ways to accomplish my goal:			

**NOW CONSIDER** why it is important to make a life/money plan to accomplish your goals. In a small group make a list of reasons for creating a money plan. Consider the effects on yourself, family, and community. Share the list with others. Then you can:

1. Create a pamphlet, poster, or advertisement sharing the reasons for budgeting and goal setting.
2. Debate the values of setting personal goals and creating a money plan (budgeting) .

## WHAT DOES IT REALLY COST TO BE ON MY OWN?

Here's a list of normal expenses people have when they support themselves. (Add other things you think are important.) Consider what you think it costs for each item. Write the amount in the space provided. When finished, check to see if your guesses are correct. You may have to make telephone calls, look at newspaper ads, or talk with a teacher or someone who is self supporting to get some idea of real costs.

<b>MONTHLY EXPENSES</b>	
<b><u>Fixed expenses</u></b>	
Savings	\$
Rent	
Car payment	
Auto & Renters' Insurance	
Life & Health Insurance	
<b><u>Flexible expenses</u></b>	
Utilities (gas/electricity)	
Telephone	
Groceries	
Clothing	
Credit card payments	
Church or charities	
Car repairs & maintenance	
Transportation /Public	
Personal items (toiletries, haircuts, etc.)	
Laundry/ dry cleaning	
Education	
Other	
<b><u>Fun expenses</u></b>	
Cable television	
Movies/books/videos/CDs	
Hobbies	
Travel/vacations	
Gifts	
Alcohol/cigarettes	
<b>TOTAL EXPENSES</b>	<b>\$</b>

1. *What surprised you most when you did this exercise?*
2. *What did you learn?*
3. *What kind of job would pay the wages needed for your estimated expenses? How can you find out?*
4. *If you had an income from a job that paid \$ 5.00 per hour, with a take-home pay of \$ 170.00 per week, could you afford the expenses you figured?*

**IT'S POSSIBLE TO LIVE ON A LIMITED INCOME!  
YOU JUST HAVE TO LEARN HOW!**

Want to learn more? See if your final decisions for budget expenditures meet the following averages. According to national midwest averages, single people starting out generally spend the following percentages for budget items: Housing 30-35%, Food 15%, Transportation 16-21%, Health 5%, Clothing 6%, Entertainment 5%, Other things (include: education, reading, tobacco, alcoholic beverages, cash contributions, personal insurance, savings and miscellaneous) 13-23%.

## "But I really need it!"

Figuring out what "real needs" are is difficult. When there is a limited amount of money, the challenge becomes more of a problem. Everyday choices make the difference between being able to pay your bills or not pay your bills. Consider these examples: "My girlfriend wants to go to the big concert. Can I take her and still pay rent if I go?" "Do I buy a car, or take a bus?" "Should I eat out tonight?"

Look at the following items and decide if they are examples of meeting basic needs. Place an "N" in front of the words that meet real "needs" (necessities). Place a "W" in front of the words that meet "wants" (luxuries). When you're done, discuss your decisions with a small group of classmates or friends. Share your final decisions and discussions with others.

stereo	car	refrigerator	guitar	designer clothes
shaver	bed	sodas	computer	washing machine
shoes	phone	truck	house	Nike shoes
soap	food	concert ticket	cigarettes	newspaper
gourmet food	cosmetics	furnace	tuxedo	books

Things to think about or discuss:

1. Did you find that you disagreed about whether an item is a need or a want?
2. What reasons did you have for the difference of opinions?
3. Are some items that appear to be physical needs really meeting other needs?
4. How can understanding the difference between needs and wants help you to reach your goals?
5. Can not knowing the difference between needs and wants become a barrier to reaching goals?
6. Give an example of wants and needs differing at different ages.

## VALUES AFFECT YOUR CHOICES TOO

Values are qualities or principles that are desirable and have worth. Whenever you make a decision, your values are reflected in your choice. Some things you may value are listed below. Check the ones that you value.

religion	caring	hard work	education	arts/beauty	love	sports
winning/excitement	music	truth	fun	leisure	security	
ownership	sharing	family	money	sex	freedom	friends
environment	safety	community	health	prestige	comfort	convenience



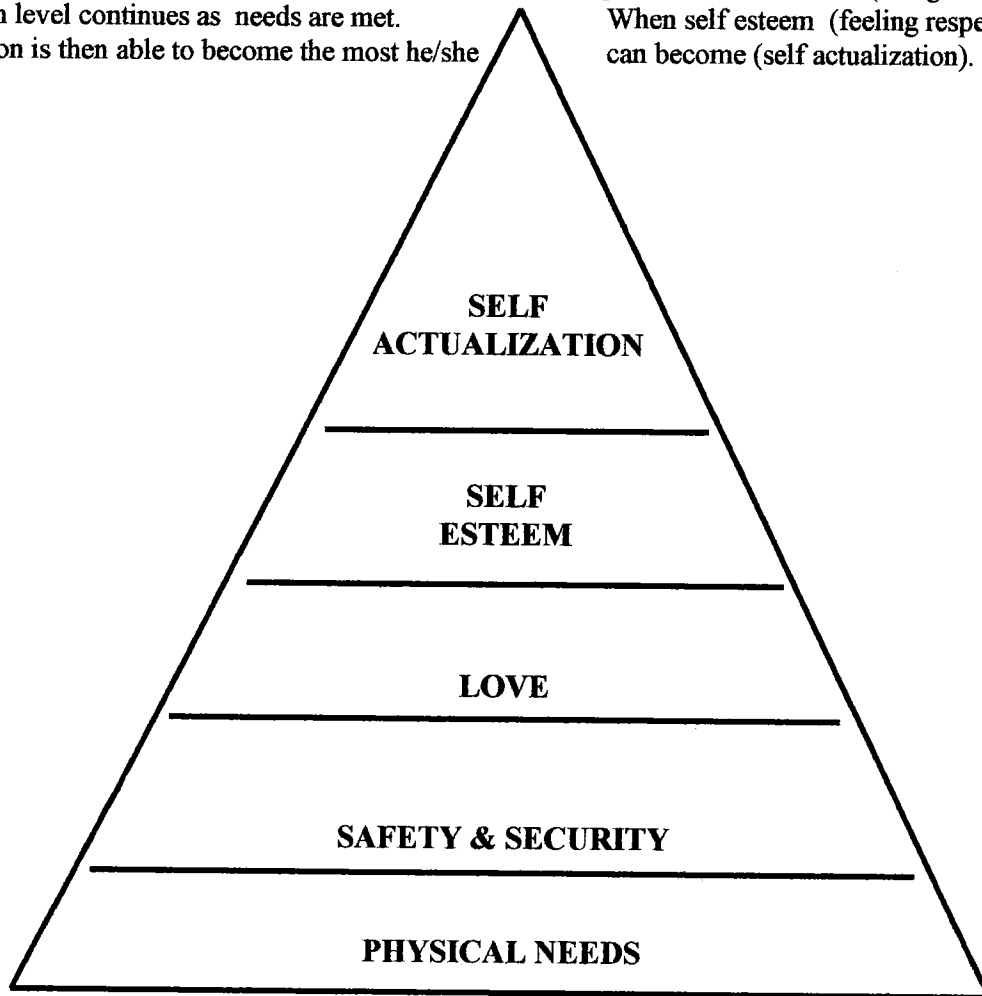
## NOW LOOK AT THE WAY YOU SPENT MONEY THIS WEEK

List things that you spent money on in the last week or two. Place a "W" beside items that were wants and an "N" beside items that were needs. Check if the purchases helped you work toward your goals. Then note the need met.

("W" or "N") ITEM	Helped Goals	Didn't Help Goals	Need met
.....	✓	✓	
.....			
.....			
.....			
.....			
.....			
.....			

## NEEDS AND WANTS ARE DIFFICULT TO SEPARATE!

A. H. Maslow placed human needs into groups in the form of a pyramid. Each section built on the next. First physical needs must be met before safety can be considered (i.e. If a man is hungry, he will risk his safety to get food.) When physical and safety needs are met, love relationships can be considered (being loved and love in return). Each level continues as needs are met. When self esteem (feeling respected by others) is met, a person is then able to become the most he/she can become (self actualization).



**Physical Needs** include: food, sleep, water, shelter and clothing

**Safety and Security** include: being safe from physical harm or injury.

**Love** is a need to be accepted by others, to be loved by another and to be able to return that love.

**Esteem** is the need for respect and admiration.

**Self actualization** is the need to achieve one's full potential (to become the most one can become.)

**Families generally take care of the first three levels. Other levels must be met by the individual.**

**Consider the following groups of items.** What basic need does each item meet? Place each item on the appropriate level of the pyramid. Then discuss your placement with others.

Group # 1	sandals	Nike shoes	oxfords	ballet slippers
Group #2	beans	sodas	water	T-bone steak
Group #3	furnace	air conditioner	umbrella	fireplace

*Discuss or think about::*

1. Did you find that an item might fit on more than one level?
2. What problems or disagreements did you have with your final decisions?
3. Can a person exist if only physical needs are met?

# \$UPER \$LUETH \$CAVENSER HUNT

Ever been on a grocery store scavenger hunt? Here's a list of what you need to find. Fill in the blanks.



Before you go to the grocery store, compare ads in newspapers to see what specials are being offered. Questions to consider: Does more than one store offer the same special? Are prices the same?



Choose one of the grocery stores in which to do your scavenger hunt. Then choose an item from their ad to compare with competitive items when you go shopping.



Cut out one coupon item to compare with other competitive products. Carry the coupons with you.

## NOW GO SHOPPING!

Time I began my hunt \_\_\_\_\_ Time I finished my hunt \_\_\_\_\_

- Coupon item \_\_\_\_\_ Brand name \_\_\_\_\_ Size \_\_\_\_\_ Unit price \_\_\_\_\_  
 Competitive house brand name \_\_\_\_\_ Size \_\_\_\_\_ Unit price \_\_\_\_\_  
 Other brand name \_\_\_\_\_ Size \_\_\_\_\_ Unit price \_\_\_\_\_
- Name of newspaper ad item \_\_\_\_\_ Unit price \_\_\_\_\_  
 Name of an equal product that costs less \_\_\_\_\_ Unit price \_\_\_\_\_  
 Name of an equal product that costs less \_\_\_\_\_ Unit price \_\_\_\_\_
- Brand names of 14.5 oz cans of creamed corn:  
 Generic brand name \_\_\_\_\_ Grade \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Name brand name \_\_\_\_\_ Grade \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 House brand name \_\_\_\_\_ Grade \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Economy brand name \_\_\_\_\_ Grade \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_
- Name of a juice that is 100% juice \_\_\_\_\_ Unit price \_\_\_\_\_  
 Name of a "juice drink" \_\_\_\_\_ %Amount of juice \_\_\_\_\_ Unit price \_\_\_\_\_
- Brand names of packages of corn flakes:  
 Brand name \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Brand name \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Brand name \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_  
 Brand name \_\_\_\_\_ Cost \_\_\_\_\_ Unit price \_\_\_\_\_
- Find dates on the following containers:  
 Can of peas \_\_\_\_\_ Loaf of bread \_\_\_\_\_ Hot dogs \_\_\_\_\_ Hamburger \_\_\_\_\_  
 Milk \_\_\_\_\_ Cottage cheese \_\_\_\_\_ Eggs \_\_\_\_\_
- Compare prices on the following foods:  
 1 lb white potatoes \_\_\_\_\_ 1 lb potato chips \_\_\_\_\_ Difference \_\_\_\_\_  
 1 lb frozen chicken breasts \_\_\_\_\_ 1 lb fresh chicken breasts \_\_\_\_\_ Difference \_\_\_\_\_  
 1 lb lean hamburger \_\_\_\_\_ 1 lb extra lean hamburger \_\_\_\_\_ Difference \_\_\_\_\_  
 1 lb apples \_\_\_\_\_ 16 oz can applesauce \_\_\_\_\_ Difference \_\_\_\_\_  
 16oz package of frozen green beans \_\_\_\_\_ 1 lb of fresh green beans \_\_\_\_\_ Difference \_\_\_\_\_  
 1 package of 8 hamburger buns: brand name \_\_\_\_\_ fresh bakery \_\_\_\_\_ Difference \_\_\_\_\_
- Find name of a food sale item that is outdated \_\_\_\_\_

## WHO WON THE SCAVENSER HUNT? Compare & Discuss.



# SUPER SHOPPER Sleuth



A good super shopper should know the language of the stores and advertisers where shopping is done. See if you can find the right answers for the sales terms you can find in ads and stores. Match them! **You get five points for each correct answer.**

## BUYING CLOTHES

- |  |                           |
|--|---------------------------|
| 1. Merchandise sold out of warehouses, usually at lower prices           | a. ___ introductory offer |
| 2. Perfect condition   | b. ___ warehouse sale     |
| 3. More flawed than an irregular   | c. ___ special purchase   |
| 4. Merchandise not normally sold by the store                            | d. ___ samples            |
| 5. Slight flaw   | e. ___ overstock          |
| 6. Regular prices reduced for a limited time                             | f. ___ odd lots           |
| 7. Usually first quality of left-over merchandise after retailers order  | g. ___ clearance          |
| 8. Merchandise that was shown to buyers before their orders were taken   | h. ___ second             |
| 9. Overruns of first quality merchandise left over after retailers order | i. ___ sale               |
| 10. Merchandise that has been returned by customers or retailers         | j. ___ irregular          |
| 11. Limited time price reduction   | k. ___ first quality      |
| 12. Regular store merchandise sold at lower price to reduce stock        | l. ___ returns            |



Sale items may not always be the “best buy”. You’ll find that regular price items can also be checked for the “best buy”. Read the following statements and mark an “F” in front of those that you think are false and a “T” in front of those you think are true. **You get five points for each correct answer.**

13. \_\_\_ There are freshness codes written on such products as milk, eggs, luncheon meats. These items are often put on sale as they are getting outdated.
14. \_\_\_ Unit pricing, printed on the edge of grocery shelves, helps consumers judge quality of products on sale.
15. \_\_\_ When buying fruit juices, it is wise to compare labels.
16. \_\_\_ When a store advertises its sales items as the lowest prices in town, it is best to check the statement.
17. \_\_\_ If you weigh food in the produce section, you should see that the scale is set at zero to start.
18. \_\_\_ Prices charged at a check-out counter are always correct so you don’t need to check.
19. \_\_\_ Case lot sales can save money if supply is overstocked at beginning or end of a season.
20. \_\_\_ Coupons always offer the best buy for the price offered.

## NOW ADD YOUR POINTS TO SEE HOW YOU RATE AS A SHOPPING SLEUTH\*.

- |             |                                    |
|-------------|------------------------------------|
| 90-100      | You’re a <b>Super Duper Sleuth</b> |
| 80-95       | You’re a <b>Super Sleuth</b>       |
| 70-80       | You’re an <b>OK Sleuth</b>         |
| 70 or below | You’re a <b>Practicing Sleuth</b>  |

\* Answers to problems above: a-11, b-1, c-4, d-8, e-9, f-7, g-12, h-3, i-6, j-5, k-2, l-10

13. True. Be sure to look for freshness code on any item. Get the freshest! It will last longer.
14. False. Unit pricing helps compare costs between products.
15. True. Labels explain the amount of real fruit juice that’s in a can. Remember that ingredients are listed in descending order.
16. True. Check prices at other stores to compare them yourself.
17. True. Scales are easily unadjusted. Get your money’s worth. Watch at the check-out counter also.
18. False. Even electronically run machines can be in error. Check prices at check-out counter and at home. Let store know of errors.
19. True. When supply is greatest, prices are lower. (Economic principle of supply and demand!)
20. False. Competitor prices may be lower. Check unit pricing. Don’t buy unless you really need the item or want to try it. Remember to consider cost of mail-in rebates and also expiration dates.

# HOW MUCH MONEY WILL I HAVE FOR MY BUDGET?

When you have a job, you will need to understand the meaning of “take-home pay”. This “take-home pay” plus any other income, will be the amount you will have to spend. Other income examples: government subsidies, scholarships, gifts, savings, family assistance.

1. When you begin work at a job, you will probably be paid by the number of hours that you work. The amount you receive from a minimum wage job is set by the government. (This amount was \$5.15/hour in 1998.) You may be able to earn more than a minimum wage when you begin. What is the minimum wage now? \_\_\_\_\_
2. You must pay federal and state taxes from your check. Federal taxes and state taxes vary each year. You will also pay federal insurance called FICA and Medicare. (This amount in 1998 was 7.65% of your income.) What is the FICA cost now? \_\_\_\_\_
3. There are also some other deductions that may be taken out of a paycheck. Examples are: union dues, insurance, retirement.

**“Take-home” pay is the amount you have left after deductions are taken out.**

Here is an example of “Take-home pay” using a minimum wage of \$5.15/hour. (No extra amounts are taken out for such things as health insurance or union dues.) Your pay check stub could look like this:

Employee name:			Check Date				
HOURS	WAGE/	GROSS	DEDUCTIONS			4/30/99	
	HR	PAY	Federal Tax	State Tax	FICA	Other	NET
40	\$ 5.15	\$ 206.00	30.90	10.09	15.76		\$ 149.25

If you want to know how much you would earn per month, multiply your net pay by 4 weeks:

$$\begin{array}{r}
 \$ 149.25 \\
 \times \quad 4 \\
 \hline
 \$ \quad \quad
 \end{array}$$

If you want to know how much you are paying for deductions for taxes per week, add the amounts.

$$\$ \quad \quad$$

If you want to know how much you pay in 4 weeks, multiply the above amount by 4: \$ \_\_\_\_\_

## ?? ? Questions to consider:

1. What is net income?
2. What is gross income?
3. What is FICA?
4. What kinds of jobs pay minimum wages in your community?
5. What kind of job are you prepared to do?
6. Will you be able to receive more than minimum wages as you start out?
7. What are some deductions that you might have taken out of your paycheck?
8. Does an employer sometimes pay benefits like medical insurance for you?

# CAN YOU MAKE YOUR MATH WORK FOR YOU?

You go to a restaurant for dinner and receive the following bill:

- What would you pay for the food total? \_\_\_\_\_
- What would you add for 5% sales tax? \_\_\_\_\_
- If you chose to give a 10% tip, what would you add? \_\_\_\_\_
- If you chose to give a 15% tip, what would you add? \_\_\_\_\_
- What would your total bill be? \_\_\_\_\_
- If you paid with a \$10.00 bill, what change would you receive? \_\_\_\_\_

<b>JOHN'S PLACE</b>	
Hamburger basket	\$ 3.45
Side salad	1.25
Drink	1.00
<b>FOOD TOTAL</b>	_____
5% TAX	_____
Tip	_____
<b>TOTAL</b>	_____

When you go to the grocery store you must figure the following costs:

1. Oranges cost \$ 1.20 per dozen. You buy only 6.
2. Bananas cost \$ .49 per pound. You buy 2 1/2 pounds.
3. Hamburger costs \$ 1.48 per pound. You buy 3/4 pound.
4. Chili beans are on special @ 2 cans for \$ .98. You buy only one.
5. Taco shells are running a special deal on large packages containing 36. They cost \$3.28. You decide to buy the package and share it with a friend. Your share of the cost will be \$ \_\_\_\_\_

Total cost \_\_\_\_\_  
 Total cost \_\_\_\_\_  
 Total cost \_\_\_\_\_  
 Total cost \_\_\_\_\_

1. Your total grocery bill is \$29.62. You want to return an item costing \$ .49. What will your bill be now? \_\_\_\_\_

You want to be sure that the change you receive is correct! Figure the following.

Cost of item	Amount paid	Change received	# of \$10.00	# of \$5.00	# of \$1.00	# of \$0.50	# of \$0.25	# of \$0.10	# of \$0.05	# of \$0.01
(example) \$ 5.67	\$10.00	\$4.33			4		1		1	3

Practice figuring down payments for the following purchases:

1. Automobile that cost \$7,899.00 required a down payment of 25%      \$ \_\_\_\_\_
2. Motorcycle that costs \$655.00 required a down payment of 20%      \$ \_\_\_\_\_
3. A mobile home that costs \$23,000.00 required a down payment of 15%      \$ \_\_\_\_\_
4. A \$75.00 winter coat on lay-away required a down payment of 5%      \$ \_\_\_\_\_

# BUDGETING USING AN ENVELOPE SYSTEM



When you know what your income will be, you can begin budgeting. Try it with an imaginary budget from a job that has a take-home pay of \$1,400 per month.

Research the amount of money you will probably spend in general areas such as those listed below. Write the amount in the space provided. You should check to see that the amount you are allowing is about the general percentages people usually spend. Then you can balance your income with your expenses.

MY SAMPLE MONTHLY BUDGET			
ITEM	% of income spent*	Totals of Areas	TOTAL
HOUSING (Including utilities)	30-35%		\$
<u>Rent</u>		_____	
<u>Water</u>		_____	
<u>Gas/electricity</u>		_____	
<u>Telephone</u>		_____	
FOOD	14 %		
CLOTHING	6%		
HEALTH CARE	5%		
TRANSPORTATION (car, public)	21%		
ENTERTAINMENT	5%		
OTHER (Includes items listed below)	19%		
<u>Personal Insurance</u>		_____	
<u>Savings (should be 10%)</u>		_____	
<u>Donations</u>		_____	
<u>Cosmetics, Haircuts</u>		_____	
<u>Child care</u>		_____	
<u>Other</u>		_____	
		<b>TOTAL</b>	<b>\$</b>

\* Adapted from "Average Annual Expenditures of Midwest Household 1997" UW-Extension, Family Living Programs-Family finances)

## HERE'S HOW THE "ENVELOPE METHOD" OF PAYING YOUR BILLS WORKS\*

You can practice by making your own take-home pay cash by cutting paper into various dollar bills that equal \$1,400.

1. Write on the outside of envelopes the names of the general areas listed above. Write the amount you plan to spend in each area. (You may have to readjust your planning.)
2. Put the amounts of money you budgeted into the appropriate envelopes. Then when it's time to pay the bills, you can remove the money and make the payments. (You could also write checks rather than use money.)
3. It's important to decide if you are going to borrow from other envelopes when bills come due. This will be tempting. REMEMBER that using your savings can end up destroying your credit rating. You may not have enough money left to meet your goals, pay for emergencies, or pay your regular bills!

\*This method is sometimes preferred in place of a written budget and checks. A disadvantage is the need for keeping cash in the house. It is also easy to borrow from one envelope to pay another bill.

**Oral Pre-Test**  
**MONEY MATTERS**  
**(Level 1 - Minimal)**

1. What are some reasons for making a money plan? *(A plan helps to know what things will cost and the amount of money available for paying bills. Overspending can cause stress, bad credit rating so credit isn't available when needed, unpaid bills, bankruptcy. If planning isn't done, businesses and the community are hurt, self-image is hurt, etc.)*
2. How much money does it take to pay for rent? *(Varies. Shouldn't be more than 35% of income.)* How much money does it take to pay for utilities, insurance, food, etc.? *(Varies.)* Have you ever considered all of the costs to see what you can afford when you're on your own? *(Varies.)*
3. How do wants (luxuries), needs (necessities), and values affect purchases made.
  - a. Give some examples of needs (necessities) when buying food and clothing. *(Individual responses will vary. Items such as T-bone steaks, beer, expensive frozen foods, ice creams, candy, brand name clothes, formal wear, etc. should be considered luxuries.)*
  - b. Give examples of wants (luxuries). *(Television, CD player, big house, swimming pool, car.)*
  - c. What are the very basic physical needs that are needed for survival? *(Food, water, air, shelter, clothing.)*
  - d. Give an example of a personal value that affects the items you purchase. *(The value of belonging to a group will affect the clothes you purchase to match those of the group.)*
4. What's the difference between:
  - a. regular price and sale price? *(Sale price should be less than regular price.)*
  - b. irregulars, first quality, and seconds? *(First quality should be in perfect condition, irregulars have slight flaws, seconds are more flawed than irregulars.)*What's unit pricing? *(Pricing on store shelves that tell cost per unit such as oz.)*  
How should coupons be used? *(Coupons offer discounts on specific products. Prices should be compared with equivalent products before being considered a good buy.)*
5. What is take-home pay? *(Amount of money left from a paycheck after deductions such as taxes, FICA, insurance, dues, etc. are taken out.)* Gross pay? *(Amount of money earned before deductions are removed.)*
6. Do you know the differences between values of coins and currency and can you use a calculator to figure costs?
  - a. If you go into a store and buy an item for \$5.25, what change will be given for a \$10 bill? *(\$ 4.75 in the form of 4 single dollar bills, one 50 cent piece and one 25 cent piece or similar change. You may show coins to person for identification.)*
  - b. If you rent an apartment for \$275.00 per month and are required to pay an extra month's rent for a security deposit when you move in, what is the total amount you will need? *(\$ 550.00)*
7. What is a budget? *(A record of planned expenses to guide spending.)*  
What is "envelope" budgeting? *(A technique of budgeting. Budgeted amounts of cash are put into designated envelopes so it is available when bills come due or purchases are made. Prewritten checks can be used also.)*

**EVALUATION FOR MONEY MATTERS**  
**(Minimal)**

Write a "T" in front of statements that are true and an "F" in front of the statements that are false.

1.  A budget can help avoid overspending.
2.  Spending no more than 35% of income for housing is recommended.
3.  If the cost of one pound of tomatoes is \$.39, you pay \$ .19 for two pounds.
4.  Goals can help give a direction to life.
5.  Food is a fixed expense.
6.  The values you have affect choices you make.
7.  A guitar could be a real need for someone.
8.  "Take-home-pay" is the amount of money you have before payroll deductions are made.
9.  The way a person spends money doesn't affect members of a community.
10.  There is no difference between a need and a want.
11.  Coupons always offer the best buy.
12.  Families usually take care of the first three levels of Maslow's pyramid.
13.  Unit pricing helps consumers judge quality of products for sale.
14.  Generic brand canned foods are generally more expensive than name brands.
15.  Some food items are sold at a lower price when they are outdated.
16.  Self actualization is the need for respect and admiration.
17.  There are freshness codes printed on milk and luncheon meat.
18.  A nickel equals ten cents.
19.  Federal and state taxes must be taken out of pay checks.
20.  There is a government law controlling the minimum wages that must be paid to workers.

Mark an "X" in front of all of the correct answers.

21-25: Which of the following monthly expenses are fixed expenses?

- rent
- food
- telephone
- auto insurance
- credit card payments

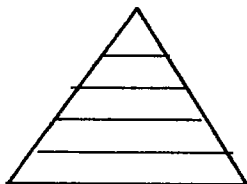
26-30: Which of the following items are values:

- hard work
- money
- friends
- winning
- all of the above

31-35: Physical needs include:

- food
- safety
- clothing
- shelter
- water

36-40: Place the number of the need in its proper place in Maslow's Basic Need Pyramid.



1. love
2. safety
3. physical
4. self esteem
5. self actualization

**41-45: Match the correct terms with their definitions:**

- |  |                  |
|--|------------------|
| 41. _____ Merchandize that has a slight flaw                               | a. sale          |
| 42. _____ Limited store merchandise sold at lower cost to reduce inventory | b. clearance     |
| 43. _____ Merchandize returned by customers                                | c. returns       |
| 44. _____ Merchandize that is in perfect condition                         | d. first quality |
| 45. _____ Regular prices reduced for limited time                          | e. irregular     |

**46-50: Match the correct terms with their definitions:**

- |                              |   |
|------------------------------|---|
| 46. _____ Net income         | a. Federal insurance  |
| 47. _____ Gross income       | b. Total amount of money earned   |
| 48. _____ FICA               | c. Amount of money left after deductions  |
| 49. _____ Federal tax        | d. Taxes taken out for federal expenses   |
| 50. _____ Payroll deductions | e. Total amount of money taken out for such things as: insurance, dues, retirement plan |

**51-56: What change will you receive from a \$ 5.00 bill? Complete the chart:**

COST	CHANGE	# \$1.00	QUARTERS	DIMES	NICKELS	PENNIES
\$ 2.93 (example)	\$ 2.07	2			1	2
\$ .95						
\$ 1.98						
\$ 3.88						

**57-58: Complete the following sentences with the correct answers:**

- 35% of a \$1,200 income per month to spend for housing = \$ \_\_\_\_\_
- 20% down payment for a car costing \$5,500.00 = \$ \_\_\_\_\_

**59-65: Explain the process of “envelope budgeting”.**

**65-67: List three reasons for making a financial money plan.**

- 1.
- 2.
- 3.

**68-70: List three of the steps you can take to accomplish a goal:**

- 1.
- 2.
- 3.

**71-75: Explain what steps you can take to make a money plan for yourself.**

**EVALUATION ANSWERS FOR MONEY MATTERS  
(Minimal)**

Write a "T" in front of statements that are true and an "F" in front of the statements that are false.

1. T\_\_\_ A budget can help avoid overspending.
2. T\_\_\_ Spending no more than 35% of income for housing is recommended.
3. F\_\_\_ If the cost of one pound of tomatoes is \$.39, you pay \$ .19 for two pounds.
4. T\_\_\_ Goals can help give a direction to life.
5. F\_\_\_ Food is a fixed expense.
6. T\_\_\_ The values you have affect choices you make.
7. T\_\_\_ A guitar could be a real need for someone.
8. F\_\_\_ "Take-home-pay" is the amount of money you have before payroll deductions are made.
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19. T\_\_\_ Federal and state taxes must be taken out of pay checks.
20. T\_\_\_ There is a government law controlling the minimum wages that must be paid to workers.

Mark an "X" in front of all of the correct answers.

21-25: Which of the following monthly expenses are fixed expenses?

- X\_\_\_ rent  
\_\_\_ food  
\_\_\_ telephone  
X\_\_\_ auto insurance  
\_\_\_ credit card payments

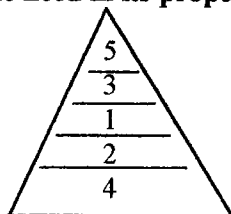
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- \_\_\_ hard work  
\_\_\_ money  
\_\_\_ friends  
\_\_\_ winning  
X\_\_\_ all of the above

31-35: Physical needs include:

- X\_\_\_ food  
\_\_\_ safety  
X\_\_\_ clothing  
X\_\_\_ shelter  
X\_\_\_ water

36-40: Place the number of the need in its proper place in Maslow's Basic Need Pyramid.



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COST	CHANGE	# \$1.00	QUARTERS	DIMES	NICKELS	PENNIES
\$ 2.93 (example)	\$ 2.07	2			1	2
\$ .95	\$ 4.05	4			1	
\$ 1.98	\$ 3.02	3				2
\$ 3.88	\$ 1.12	1		1		2

**57-58: Complete the following sentences with the correct answers:**

- 35% of a \$1,200 income per month to spend for housing = \$ 420.00
- 20% down payment for a car costing \$5,500.00 = \$ 1,100.00

**59-65: Explain the process of “envelope budgeting”.**

*This is a simple process of budgeting. Budgeted amounts are written on the outside of envelopes. The amount of budgeted money is put into each appropriate envelope. When the payment is due, the money is removed to pay the bill. Checks can also be prewritten and used in place of cash.*

**65-67: List three reasons for making a financial money plan.**

*Age of majority, avoid debt, self esteem, avoid bankruptcy, know how much money can be spent in total, help accomplish goals.*

**68-70: List three of the steps you can take to accomplish a goal:**

*Gather information, figure cost and how to get financing, set deadlines, find help, figure alternatives, set priorities.*

**71-75: Explain what steps you can take to make a money plan for yourself.**

*Figure personal goals. Make a plan to reach the goals. Consider personal values. Consider alternatives. Figure total income. Make a budget. Include savings to accomplish your goals. Follow the budgeted amounts. Consider ways to save dollars. Check goals and budget plan often to make appropriate changes.*

# **MONEY MATTERS**

## **ACTIVITIES FOR REAL LIFE LEARNING**

### **(level 2, INTERMEDIATE)**

**These experiences are designed for intermediate knowledge needed for management of money.**

- Persons can use *MONEY MATTERS A Mini-Micropedia* along with these learning experiences.
- The learning experiences can be used with the *Mini-Micropedia, I CAN DO IT! A Micropedia of Living On Your Own*, or by themselves.
- There is an oral pretest and an objective post test included.

**The objectives of this unit are to:**

1. Understand sales resistance and consumer fraud
2. Be able to comparison shop using unit pricing information
3. Understand bill payment process and value of using cash, checks, and money orders
4. Understand how to open a checking and savings account
5. Understand how to apply for a credit card and use it appropriately
6. Practice writing checks, making banking transactions, and recording them
7. Practice balancing a checkbook
8. Create a savings program.

### **Suggested Added Learning Experiences**

**(These can be used according to the capability of the learner and the amount of time available.)**

1. Invite a banker to speak.
2. Invite a financial counselor or representative from a credit union to speak.
3. Plan a group visit to a bank to view the whole banking process.
4. Talk with local bank representative to see if they have written banking instructions available.
5. Debate the value of using a bank.
6. Write to the attorney general of your state for consumer protection laws.
7. Plan a group trip to a grocery store with a grocery list and compete to find best prices.
8. Create a grocery store of empty boxes and cans. Plan unit pricing for them. (Great to share with younger children!)
9. Plan a menu and find lowest cost for food preparation. (Could have a party!)
10. Create savings program plan for young children to teach them to save.
11. Create a two minute radio or TV announcement to encourage savings.
12. Research details of the bankruptcy problems in your state.
13. Create a list of money saving techniques.
14. Draw posters to encourage savings.

# WATCH OUT FOR "TRICKY TOM" !



Don't let Tricky Tom put something over on you. . . or your friends. He's there to tempt you and get you to buy. You can find him in many places: TV and newspaper ads, stores, inside mail, even on the phone. Avoid his "tricks". Recognize them and you'll know when to say "NO!"

Explain the following tricks and then create a situation to role play:

1. "Bait and Switch"
2. "Lo-balling"
3. "Deceptive pricing"
4. Sweepstake offers

Make a list of information you should not give over the phone:

Now consider some of the tricks that are used in advertising to get you to BUY, BUY, BUY!

Gather newspaper and magazine ads. Listen to radio and television ads. Check the "tricks" to see how they are appealing to your needs or wants. Knowing what influences your buying can help you control your spending.

## ADVERTISEMENT "TRICKS"

You're often tricked with your emotions!

Product: \_\_\_\_\_ Brand \_\_\_\_\_

Appeal List: Check what is being used to attract you to buy the product. (i.e. perfume ad showing a woman attracting a man must mean if you use the perfume, you will be attractive to men.)

- Physical well being (exercise, nutrition, etc.)
- Sex/glamour
- Fear (safety, not belonging, health)
- Recognition
- Financial gain (bargains, savings)
- Self esteem (success, independence, knowledge)
- Association (with athletes by transfer of fame to product)
- Love (how to be loved, part of group, unique, admired)
- Beauty
- Adventure
- Other

What type of person is the ad attempting to reach?

How can you know this?

View a television ad and note what "hook" has been used in the first five seconds to attract you to watch:

bright colors     loud volume     visual image

See any negative features?  false claims     arousal of unpleasant feelings     exaggeration or misleading

Would you buy the product?    Why?    Why not?

## Before you buy, ask yourself:

"If I buy this, what else can't I buy?" "Does it help me reach my goals?" "Are there other alternatives?"

## RESEARCH YOUR STATE CONSUMER LAWS TO PROTECT YOURSELF

Write to or call the local consumer protection office or attorney general office of your state for free current consumer information. Look for numbers in the telephone yellow pages. The BBB (Better Business Bureau) can also be helpful. Find out about: store return policies, shopping by mail, unsolicited merchandise, telephone scams, telemarketing fraud, buying a used car, sweepstakes offers, billing and credit, slamming and more.

# Buyin' burgers and other stuff ....



Does it cost more to buy it or make it at home?

MacDonald's or other restaurant		Groceries for making menu at home	
	Cost		Cost
Hamburger	\$	3 oz. Hamburger	\$
		Hamburger bun	
		Ketchup, pickles, etc.	
French fried potatoes		½ baked potato	
12 oz. soda		12 oz. soda	
8 oz. milk		8 oz. milk	
Lettuce salad		Lettuce salad	
<b>Total cost:</b>	<b>\$</b>	<b>Total cost:</b>	<b>\$</b>

Now compare cost of making foods such as brownies with packages or from scratch. (Other things to consider: What additives have been included in the package product?)

## Now Compare Some Other "Stuff"

In small groups, select a new item for cost comparisons. You might choose an appliance such as a refrigerator, microwave, washer, or a piece of furniture. Be sure to compare items of similar value. You can use newspaper or other media ads or visit stores.

ITEM	MODEL #	Cash Price	# of Payments	Cost/Payment	Down Payment	Total cost

What other alternatives are there?

Compare:

Rent-to-own

Used

Other

# MUST I ALWAYS PAY WITH CASH? WHAT ARE MY ALTERNATIVES?

## #1 CHECKS AND CASH

**Debate** or discuss with someone the advantages and disadvantages of using checks and/or cash for paying your bills.

## #2 ATM/ CREDIT AND DEBIT CARDS

**Research** ATM/ Credit and Debit cards. Use the “Think, Pair, and Share Method”. **Think:** (Start by making your own list of the advantages and disadvantages that an ATM card can have for you.) **Pair:** (Next share your list with one other person.) **Share:** (Then share your combined list with larger group.)

ADVANTAGES	DISADVANTAGES

**Would you choose to have one? Why or why not?**

## # 3 MONEY ORDERS

Money orders can be used in the same way that personal checks are used. They can be purchased at banks, post offices, and in many convenience stores. Complete the following money order to pay for two tires. Make it payable to the Firestone Store.

<b>MONEY ORDER</b>	<b>662-0157-7321</b>
FIRST BANK OF RENO, NE	VOID IF OVER \$1000
Eighty three dollars and Twenty Seven cents	\$ 0083.27
<b>Pay To:</b> _____	
<small>Company Name</small>	<small>/ Address</small>
<b>Signature:</b> _____	<b>Date</b> _____
<small>KEEP THE YELLOW COPY FOR YOUR RECORDS</small>	

## #4 CHARGE CARDS/ CREDIT CARDS

**Charge cards** are specific types of cards usually limited to purchases from a specific company or retail department store. They generally require full payment at the end of the month. What stores in your area offer charge cards?

**Credit cards** are offered by many institutions. Cards may be used at those companies accepting them. The credit card bills can be paid at the end of the month with no interest added. There are different ways to pay for the credit card debt. Interest payment for the use of the money is added to an unpaid bill.



# CHOOSE A BANK, CREDIT UNION, OR SAVINGS AND LOAN



Before you begin, consider how many checks you will write each month and how much you'll keep in your account. It would be helpful to read brochures from the banking institutions before you visit. Then look in the Yellow Pages. Choose two organizations where you could start appropriate checking and savings accounts. Visit and ask questions. Compare the following information.

#1	#2
Name _____	Name _____
Location (is it convenient?) _____	Location (is it convenient?) _____
Office hours _____	Office hours _____
<b>CHECKING ACCOUNT INFORMATION</b>	<b>CHECKING ACCOUNT INFORMATION</b>
Two types of checking accounts appropriate for me:	Two types of checking accounts appropriate for me:
Costs of checking account:	Costs of checking account:
Cost per check cashed:	Cost per check cashed:
Service charges:	Service charges:
Minimum balance needed in account:	Minimum balance needed in account:
Charges made if balance is not maintained:	Charges made if balance is not maintained:
Are checks returned with the bank statement?	Are checks returned with the bank statement?
Is there a delay before deposited funds are available?	Is there a delay before deposited funds are available?
What's a cancelled check?	What's a cancelled check?
Should cancelled checks be saved?	Should cancelled checks be saved?
What happens if a check "bounces"?	What happens if a check "bounces"?
What charges are made for a "bounced" check?	What charges are made for a "bounced" check?
How do I avoid a "bounced" check?	How do I avoid a "bounced" check?
<b>EXTRA SERVICES</b>	<b>EXTRA SERVICES</b>
Do you have a 24 hour ATM?	Do you have a 24 hour ATM?
Are there charges for this service?	Are there charges for this service?
Do you have debit cards? What are the costs?	Do you have debit cards? What are the costs?
Do you have credit cards? What are the costs?	Do you have credit cards? What are the costs?
Do you sell money orders?	Do you sell money orders?
Do you have certified checks or cashier's checks?	Do you have certified checks or cashier's checks?
Costs: _____	Costs: _____
<b>SAVINGS ACCOUNTS</b>	<b>SAVINGS ACCOUNTS</b>
What savings account options do you have?	What savings account options do you have?
What interest rate is offered on savings?	What interest rate is offered on savings?

**WHICH INSTITUTION WOULD YOU CHOOSE?**

**WHY?**



## ROLE PLAY: Opening a Checking Account



A receptionist will greet you and direct you where to go to open a checking account. ( You might want to take an appropriate adult with you.) You may be asked if you have other accounts with the bank. You can then ask about the account types that are available to you. (You can use the questionnaire to direct your questions.)

When you have compared banks and made a choice, you will have to take along a driver's license or other ID to show your current address, your social security number, and an amount of money you wish to use to start the account.

# CREDIT CARDS ARE NOT FREE MONEY.....



## CREDIT CARD CHARGES ARE LOANS!

**Debate** the advantages and disadvantages of using credit cards. Here are some points to consider:

### Advantages

They are easy to obtain. You can take advantage of sales. Hotel and other reservations can be made easily. Repairs can be made right away. You don't have to carry large amounts of money. You have money to buy things when you see them. There is instant gratification. Can be used over the world, etc.

### Disadvantages

Things end up costing more with interest added. Minimum payments can take years to pay off debt. It's easy to overspend and end in bankruptcy. They can destroy credit rating. They can cause stress and guilt. They are a constant temptation. There is responsibility to others. Overspending can become a pattern, etc.

**Before you use credit**, consider the following questions:

1. Do I really need this item right now or can I wait?
2. What will happen if I can't make the payments on time?
3. What will I have to give up to pay for it?
4. What will be the true cost of buying the item on credit?

**WHEN YOU APPLY FOR A CREDIT CARD, YOU ARE APPLYING FOR A LOAN.**

COMPARISON SHOP FOR CREDIT CARDS			
	Lender #1	Lender #2	Lender #3
Annual Fee			
Annual Percentage Rate (APR)			
Grace Period			
Other Fees or Penalties			
Special "perks"			

CREDIT CARD APPLICATION EXAMPLE										
Applicant Name		First name	Initial	Last name		Social Security Number		Age	Birth Date	
Address				City	State	Zip	At address		Years	Months
Previous Address				City	State	Zip	At address		Years	Months
Telephone Number		Drivers License Number		Mother's maiden name						
Employer's Name		Address			City	State	Zip	Phone		
Work Phone		Position							How long?	
Previous Employer's Name		Address			City	State	Zip	Phone		How Long?
CO-APPLICANT or AUTHORIZED USER (if applicable).										
First Name		Middle Initial	Last Name		Social Security Number		Age	No. of Dependents		
Present Address			City	State	Zip	How long at address (Yrs. Mo.)		Phone Number		
Previous Address			City	State	Zip	Relationship to applicant if any				
Current Employer				Telephone						
Address		City	State	Zip	How Long?					
State Position		Salary per year								
Previous Employer		Address			City	State	Zip	How Long?		
State Position										
Alimony, child support, separate-maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation. Other income such as AFDC, Social Security or other public assistance benefits, alimony, child support, part time employment, retirement benefits, etc. can be reported as a source of income.										
Sources		Income amount								
BANKING AND CREDIT REFERENCES										
Checking		Savings		ACCOUNT NUMBER		Name of Bank/Savings & Loan		City	State	Zip
<input type="checkbox"/>	<input type="checkbox"/>									
Credit Reference - Firm name			Account Number			City	State	Zip		

# HOW DO I MAKE OUT BANKING TRANSACTIONS?



When you want to deposit checks in your checking account, you will need to fill out a deposit slip.

## TRY IT . . . .

Make out a deposit slip for depositing one check in the amount of \$24.59 and \$5.00 cash.

DEPOSIT TICKET																																	
<p><b>JOHN DOLLAR</b> 13908 North Avenue Phoenix AZ 22202</p> <p>Date _____ 20____</p> <p><b>FIRST BANK</b> Phoenix AZ 9513 0925 12 315 5678</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"><u>CASH</u></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>List checks singly</td> <td></td> <td></td> <td></td> <td>095244422</td> <td>Use other side for add'l listing</td> </tr> <tr> <td>Subtotal</td> <td></td> <td></td> <td></td> <td></td> <td>Enter total here</td> </tr> <tr> <td>Less cash received</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td></td> <td></td> <td></td> <td></td> <td>Be sure items are properly endorsed</td> </tr> </table>	<u>CASH</u>						List checks singly				095244422	Use other side for add'l listing	Subtotal					Enter total here	Less cash received						<b>TOTAL</b>					Be sure items are properly endorsed		
<u>CASH</u>																																	
List checks singly				095244422	Use other side for add'l listing																												
Subtotal					Enter total here																												
Less cash received																																	
<b>TOTAL</b>					Be sure items are properly endorsed																												

## TRY FILLING OUT A CHECK EXAMPLE . . .

Pedro Martinez	145
75 Ladwick Lane, San Jose CA 01245	5-494-100
	Date: _____
Pay to the	
Order of: _____	\$ _____
	Dollars
<b>Bank One</b>	
San Jose CA 01246	
For _____	
0510 0251 12 324 67 8	

Write the check to pay for a pair of shoes from J. C. Penneys that cost \$ 49.95. Use today's date.

## ENDORSE THE FOLLOWING CHECKS AS INDICATED . . .

<p><b>BLANK</b></p> <div style="border: 1px dotted black; height: 100px; width: 100%;"></div>	<p><b>RESTRICTIVE</b></p> <div style="border: 1px dotted black; height: 100px; width: 100%;"></div>	<p><b>SPECIAL</b></p> <div style="border: 1px dotted black; height: 100px; width: 100%;"></div>
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# NOW ... PRACTICE USING CHECKS

**Complete the following transactions as if your name is PEDRO GONZOLAS:**

1. Make out a deposit slip for a \$ 320.00 check dated 01/04/02. Record it in his check register.
2. Fill out checks for the following payments and enter them into his check book register:
  - \$ 22.50 to J.C. Penneys for a shirt (Jan. 6, 02)
  - \$ 165.00 to Mrs. Jones for rent (Jan 8, 02)
  - \$ 52.00 to Phoenix Electric (Jan. 14, 02)
  - \$ 60.00 to Haydu Ford (Jan. 16, 02)
3. Balance his bank statement using next page.

CHECKING ACCOUNT DEPOSIT TICKET  PEDRO GONZOLAS 13908 AUSTIN AVENUE PHOENIX AZ 22202  DATE _____ 20____  <b>FIRST BANK</b> Phoenix AZ 9531 0926 12 315 5678  CHECKING ACCOUNT DEPOSIT TICKET	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">CASH</td> </tr> <tr> <td style="text-align: center;">C H E C K S</td> </tr> <tr> <td style="text-align: center;">Total from other side</td> </tr> <tr> <td style="text-align: center;">TOTAL</td> </tr> <tr> <td style="text-align: center;">LESS CASH RECEIVED</td> </tr> <tr> <td style="text-align: center;">NET DEPOSIT</td> </tr> </table>	CASH	C H E C K S	Total from other side	TOTAL	LESS CASH RECEIVED	NET DEPOSIT
CASH							
C H E C K S							
Total from other side							
TOTAL							
LESS CASH RECEIVED							
NET DEPOSIT							

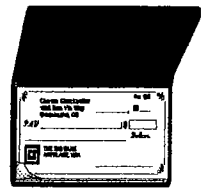
PEDRO GONZOLAS 13908 Austin Avenue Phoenix AZ 22202  Pay to the Order of _____ \$ _____  _____ Dollars  <b>FIRST BANK</b> PHOENIX AZ  For _____ 9513 0925 12 315 5678	101	_____ 20____  _____ Dollars  <b>FIRST BANK</b> PHOENIX AZ  For _____ 9513 0925 12 315 5678
--	-----	--

PEDRO GONZOLAS 13908 Austin Avenue Phoenix AZ 22202  Pay to the Order of _____ \$ _____  _____ Dollars  <b>FIRST BANK</b> PHOENIX AZ  For _____ 9513 0925 12 315 5678	103	_____ 20____  _____ Dollars  <b>FIRST BANK</b> PHOENIX AZ  For _____ 9513 0925 12 315 5678
--	-----	--

PEDRO GONZOLAS 13908 Austin Avenue Phoenix AZ 22202  Pay to the Order of _____ \$ _____  _____ Dollars  <b>FIRST BANK</b> PHOENIX AZ  For _____ 9513 0925 12 315 5678	102	_____ 20____  _____ Dollars  <b>FIRST BANK</b> PHOENIX AZ  For _____ 9513 0925 12 315 5678
--	-----	--

PEDRO GONZOLAS 13908 Austin Avenue Phoenix AZ 22202  Pay to the Order of _____ \$ _____  _____ Dollars  <b>FIRST BANK</b> PHOENIX AZ  For _____ 9513 0925 12 315 5678	104	_____ 20____  _____ Dollars  <b>FIRST BANK</b> PHOENIX AZ  For _____ 9513 0925 12 315 5678
--	-----	--

NUM - BER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBT (-)	CODE	FEE (-)	DEPOSIT/CREDIT		\$ BALANCE
			\$		\$	\$	\$	<b>\$ 144 42</b>

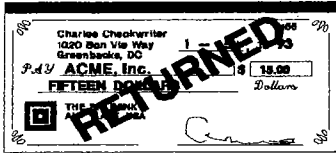


**NOW TRY TO BALANCE HIS ACCOUNT USING THE NEXT SHEET.**

# BALANCE YOUR CHECKING ACCOUNT

PROTECT YOUR CREDIT RATING . . .

AVOID "BOUNCING" CHECKS



REMEMBER that checks can bounce more than once if you've spent more money than you deposited in your account (overdrawn). They can be returned more than once to your bank. Fees add up fast! Avoid "bouncing" checks! Carefully record all transactions. Do it right away!

1. Record checks written and deposits made IMMEDIATELY in your Check Register.
2. Carefully subtract the amount of the check from the balance of money you have in your account.
3. Make sure your balance is correct.

<b>FIRST BANK</b>					
PEDRO GONZOLAS 13908 AUSTIN AVENUE PHOENIX AZ 22202			Account # 315 5678 Page number: 1 of 1 Statement date: 01/30/02		
CHECKING ACCOUNT SUMMARY FOR 01-01 THRU 01-30-02					
OPENING BALANCE	+ DEPOSITS		- WITHDRAWALS AND CHECKS	SERVICE CHARGE	= CLOSING BALANCE
144   42	320.00		227 50	00	236   92
-----CHECKS-----			... BALANCE CHANGES -----		
<u>POSTED</u>	<u>CHECK</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>BALANCE</u>	
1/08	101	22.50	1/04	464.92	
1/09	102	145.00	1/08	444.92	
1/18	104*	60.00	1/09	296.92	
			1/18	236.92	
-----DEPOSITS/CREDITS-----					
<u>POSTED</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>		
1/04	320.00	1/04			

### HOW TO BALANCE YOUR ACCOUNT

(this is usually found on the back of a statement)

**TO BALANCE YOUR CHECKBOOK WITH THIS STATEMENT:**

1. SORT THE RETURNED CHECKS BY NUMBER OR DATE AND CHECK THEM OFF IN YOUR CHECKBOOK REGISTER
2. SUBTRACT FROM YOUR CHECKBOOK BALANCE ANY CHECKS OR PAID ITEMS WHICH YOU HAVE NOT ALREADY RECORDED
3. SUBTRACT ANY SERVICE CHARGES FROM YOUR CHECKBOOK BALANCE.
4. CHECK OFF THE DEPOSITS SHOWN ON THE STATEMENT AGAINST THOSE IN YOUR CHECKBOOK
5. COMPLETE THE FORM ON THE RIGHT
6. THE FINAL BALANCE IN THE FORM AT THE RIGHT SHOULD AGREE WITH YOUR CHECKBOOK BALANCE. IF IT DOESN'T, CHECK HINTS GIVEN BELOW.

**HINTS FOR FINDING DIFFERENCES:**

*Have you matched the amount of each transaction of this statement to the amount recorded on your register?*

*Have you corrected any addition or subtraction errors?*

*Is the balance you carried over from page to page on your register correct?*

*Are all of your deposits recorded? Recorded correctly? Recorded twice?*

*Are any checks recorded as deposits?*

*Have you subtracted service charges, if you have any?*

STATEMENT BALANCE		
(List amount on other side)		\$
ADD DEPOSITS MADE SINCE ENDING DATE ON STATEMENT		
SUB TOTAL		\$
LIST CHECKS NOT RETURNED WITH THIS OR PRIOR STATEMENTS		
NUMBER	AMOUNT	
TOTAL CHECKS NOT RETURNED		
SUBTRACT TOTAL CHECKS NOT RETURNED FROM SUB TOTAL ABOVE		\$
BALANCE		\$



# START A SAVINGS PLAN

Consider why you might want to use the "PYF" (pay yourself first) method when creating your budget plan.

Seasonal bills	Unexpected emergencies	To reach my goals	Future security

How much money did you plan for savings when you created a budget? \$ \_\_\_\_\_  
 What are some methods you could use to save?



Research the following savings account types so you can compare them:

Type	Interest Rate	Withdrawal Method	Balance Requirements	Minimum Deposit	Penalties	Checking Privileges	Are Funds Insured?
Passbook/ Statement Savings							
Credit Union Savings Account							
Certificates Of Deposit (CD)							
Money Market Account							
Money Market Fund							
Christmas Fund Account							
Cookie Jar or Piggy Bank							

Which savings method will you choose? \_\_\_\_\_

Explain how you might use the "Rule of 72".

## CAN YOU CONSIDER AN INVESTMENT OPPORTUNITY NOW OR LATER?

(Remember that some investments include a risk factor. Most do not have easy withdrawal methods.)

Define the following investment types:

- U.S. Savings bonds
- Certificate of Deposit (CD)
- Treasury Issues
- Bonds
- Stocks
- Mutual Funds
- Commodities

Which of these investment types might you choose? Why?

**Oral Pre-Test**  
**MONEY MATTERS**  
**(Intermediate)**

1. Give some examples of consumer fraud. (*Lo-balling, bait and switch, deceptive pricing, sweepstakes, etc.*) How can you have sales resistance? (*Understand ways media tries to involve your emotions, questions if a purchase helps you meet your goals, don't go into stores unless you need to, follow a budget, ask yourself if you really NEED it, etc.*)
2. Explain what unit pricing is. (*Pricing printed on shelf edges that states the cost of a product per measured unit such as cost per ounce. You can compare prices of different products with this information.*) Do you compare prices before you buy anything? (*Yes or No*) What are some ways to comparison shop? (*Read labels, use coupons, use unit pricing, be aware of "specials", check prices at check-out, read freshness codes, etc.*)
3. What are some ways to pay for purchases other than cash? (*Credit cards, money orders, debit cards, charge cards.*) What's the difference between a credit card and a charge card? (*Charge cards limit purchases to a specific store or company. They require full payment at the end of the month. Credit cards are usable wherever stores allow them. They can be paid in full at the end of the month with no interest or can be paid in varied time frames with interest added.*) What's the difference between a money order and a debit card? (*Money orders can be purchased for a set amount of money. They then act as checks. A debit card can withdraw money directly from a checking account. The withdrawal is often immediate.*)
4. Have you ever opened a checking or savings account? (*Yes or No*) Explain the process. (*Answered questions bank teller asked such as what other types of bank accounts I had, type of account wanted, current address, amount of money that would be deposited.*) Did you comparison shop before opening the account? (*Yes or No*) What did you compare? (*Account types, costs, service charges, minimum balances, interest rates, if cancelled checks are returned, availability of ATM and credit cards, etc.*)
5. Have you ever filled out an application for a credit card? (*Yes or No*) What are the advantages of having a credit card? (*Immediate purchase capability, don't have to carry money or keep track of checks, can take advantage of sales or do immediate repairs.*) What are some disadvantages? (*Overspend, pay interest so items will cost more, minimum payments can take years to pay back, stress, guilt.*)
6. Have you written a check? (*Yes or No*) Have you ever endorsed a check to someone else? (*Yes or No*) How do you keep track of checks written from a check book? (*Enter information immediately into the check register.*)
7. Have you ever balanced a check book with a bank statement? (*Yes or No*)
8. What kind of savings program have you created for yourself? (*Answers vary*) What are some types of savings accounts? (*Money market, credit union savings, CD, Christmas fund, "Cookie Jar", Piggy bank.*)

**EVALUATION FOR *MONEY MATTERS***  
**(Intermediate)**

**Write a "T" in front of the statements that are true. Write an "F" in front of the statements that are false.**

1. \_\_\_\_\_ Generic brands are always the most economical.
2. \_\_\_\_\_ Money orders may be purchased in some banks, convenience stores, and in post offices.
3. \_\_\_\_\_ Checks should be recorded immediately when written.
4. \_\_\_\_\_ A juice drink is made of 100% fruit juice.
5. \_\_\_\_\_ Checks can "bounce" more than once if you spent more dollars than you had in your account.
6. \_\_\_\_\_ Money orders can be used the same way checks are used.
7. \_\_\_\_\_ There are never charges for ATM services.
8. \_\_\_\_\_ Cancelled checks are always returned with bank statements.
9. \_\_\_\_\_ Food items such as dairy products will be dated on the package so you can tell their freshness.
10. \_\_\_\_\_ Credit card charges are really loans.
11. \_\_\_\_\_ You need money to deposit when you open a checking account.
12. \_\_\_\_\_ There are charges made for checks that are written when there is not enough money in a checking account.
13. \_\_\_\_\_ If you use the "PYF" savings plan, you are more likely to save money.
14. \_\_\_\_\_ Coupons always guarantee most competitive prices.
15. \_\_\_\_\_ Outdated food products have lesser quality.
16. \_\_\_\_\_ Commodities offer investment opportunities.
17. \_\_\_\_\_ Minimum deposit amounts should be considered when starting a bank or savings account.
18. \_\_\_\_\_ Checking privileges are available with certificates of deposits.
19. \_\_\_\_\_ Charge cards usually require payment at the end of each month.
20. \_\_\_\_\_ A debit card is the same as a credit card.

**Match the following definitions with the correct terms:**

- |           |                    |   |
|-----------|--------------------|---|
| 21. _____ | Bait and switch    | a. Offers low price but charges high price for other services included or change price when contract is being signed. |
| 22. _____ | Lo-balling         | b. Marks merchandise price up and then marks it down so it looks like it's on sale                                    |
| 23. _____ | Deceptive pricing  | c. Written information is created to confuse the customer to get an order   |
| 24. _____ | Sweepstakes offers | d. A TV or radio ad gets attention by such things as loud volume, bright colors, or visual images                     |
| 25. _____ | Advertising "hook" | e. Item is offered at low price, but when customer comes to shop higher priced items are offered                      |

**Match the following definitions with the correct terms:**

- |           |             |  |
|-----------|-------------|--|
| 26. _____ | Check       | a. Written order to a bank to pay an amount from funds on deposit.   |
| 27. _____ | Money order | b. Written order for payment specified, usually issued and payable at a bank or post office.   |
| 28. _____ | Charge card | c. A credit card offered by many types of institutions that charge interest if bill is not paid in full by the end of the month                                      |
| 29. _____ | Credit card | d. A card that can withdraw a purchase amount directly from a checking account without separate billing. Usually done immediately.                                   |
| 30. _____ | Debit card  | e. A credit type card that is offered from a specific company or retail department store. Most usually require payment at end of the month with no interest charged. |

**31-35: Mark an "X" by the following terms that are investment opportunities:**

- \_\_\_\_\_ U.S. Savings Bonds
- \_\_\_\_\_ Certificates of deposits
- \_\_\_\_\_ Bonds
- \_\_\_\_\_ Stocks
- \_\_\_\_\_ Checks

**36-40: Mark an "X" by the correct answers:**

When balancing a checking account with a bank statement you should:

- \_\_\_\_\_ Sort the returned checks by number or date and check them off your checkbook register.
- \_\_\_\_\_ Subtract any checks or paid items not already recorded from your checkbook balance.
- \_\_\_\_\_ Subtract service charges from your checkbook balance.
- \_\_\_\_\_ Compare checkbook balance with the final balance on your statement.
- \_\_\_\_\_ Check off deposits shown on your statement against those in your checkbook.

**41-45: What are five appeals used by advertisers to get you to buy?**

- 1.
- 2.
- 3.
- 4.
- 5.

**46-48: Give three examples of brand names:**

- 1.
- 2.
- 3.

**49-53: List five things to compare when choosing a bank or credit union.**

- 1.
- 2.
- 3.
- 4.
- 5.

**54-56: Give three advantages of using credit cards**

- 1.
- 2.
- 3.

**57-59: Give three disadvantages of using credit cards.**

- 1.
- 2.
- 3.

**60-62: What are three reasons for creating a "PYF" savings plan:**

- 1.
- 2.
- 3.

**63-68: Fill out a check for Jane Jones to pay for a \$15.10 toaster that she purchases from Fleet Farm. Use the date of January 1, 2001:**

<b>Jane Jones</b>		<b>133</b>
Rt. 2 Box 33 ST. Jose, OH 33214		5-494-100
		Date: _____
Pay to the		
Order of: _____	\$ _____	
		Dollars
<b>Bank One</b>	_____	
San Jose CA 01246		
For _____		
0510 0251 12 324 67 8		

**EVALUATION ANSWERS FOR *MONEY MATTERS***  
**(Intermediate)**

**Write a "T" in front of the statements that are true. Write an "F" in front of the statements that are false.**

1. F \_\_\_ Generic brands are always the most economical.
2. T \_\_\_ Money orders may be purchased in some banks, convenience stores, and in post offices.
3. T \_\_\_ Checks should be recorded immediately when written.
4. F \_\_\_ A juice drink is made of 100% fruit juice.
5. T \_\_\_ Checks can "bounce" more than once if you spent more dollars than you had in your account.
6. T \_\_\_ Money orders can be used the same way checks are used.
7. F \_\_\_ There are never charges for ATM services.
8. F \_\_\_ Cancelled checks are always returned with bank statements.
9. T \_\_\_ Food items such as dairy products will be dated on the package so you can tell their freshness.
10. T \_\_\_ Credit card charges are really loans.
11. T \_\_\_ You need money to deposit when you open a checking account.
12. T \_\_\_ There are charges made for checks that are written when there is not enough money in a  
i. checking account.
13. T \_\_\_ If you use the "PYF" savings plan, you are more likely to save money.
14. F \_\_\_ Coupons always guarantee most competitive prices.
15. T \_\_\_ Outdated food products have lesser quality.
16. T \_\_\_ Commodities offer investment opportunities.
17. T \_\_\_ Minimum deposit amounts should be considered when starting a bank or savings account.
18. F \_\_\_ Checking privileges are available with certificates of deposits.
19. F \_\_\_ Charge cards usually require payment at the end of each month.
20. F \_\_\_ A debit card is the same as a credit card.

**Match the following definitions with the correct terms:**

- |           |                    |  |
|-----------|--------------------|--|
| 21. e ___ | Bait and switch    | a. Offers low price but charges high price for other services included or change price when contract is being signed |
| 22. a ___ | Lo-balling         | b. Marks merchandise price up and then marks it down so it looks like it's on sale                                   |
| 23. b ___ | Deceptive pricing  | c. Written information is created to confuse the customer to get an order  |
| 24. c ___ | Sweepstakes offers | d. A TV or radio ad gets attention by such things as loud volume, bright colors, or visual images                    |
| 25. d ___ | Advertising "hook" | e. Item is offered at low price, but when customer comes to shop higher priced items are offered                     |

**Match the following definitions with the correct terms:**

- |           |             |  |
|-----------|-------------|--|
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| 28. e ___ | Charge card | c. A credit card offered by many types of institutions that charge interest if bill is not paid in full by the end of the month                                      |
| 29. c ___ | Credit card | d. A card that can withdraw a purchase amount directly from a checking account without separate billing. Usually done immediately.                                   |
| 30. d ___ | Debit card  | e. A credit type card that is offered from a specific company or retail department store. Most usually require payment at end of the month with no interest charged. |

**31-35: Mark an "X" by the following terms that are investment opportunities:**

- X \_\_\_ U.S. Savings Bonds  
X \_\_\_ Certificates of deposits  
X \_\_\_ Bonds  
X \_\_\_ Stocks  
\_\_\_ Checks

**36-40: Mark an "X" by the correct answers:**

When balancing a checking account with a bank statement you should:

- X  Sort the returned checks by number or date and check them off your checkbook register.
- X  Subtract any checks or paid items not already recorded from your checkbook balance.
- X  Subtract service charges from your checkbook balance.
- X  Compare checkbook balance with the final balance on your statement.
- X  Check off deposits shown on your statement against those in your checkbook.

**41-45: What are five appeals used by advertisers to get you to buy?**

1. (Emotions such as love and fear. Nutrition, sex, glamour, recognition, financial gain, bargains, association, strength, beauty, adventure, etc.)

- 2.
- 3.
- 4.
- 5.

**46-48: Give three examples of brand names:**

1. (Kelloggs, Post, Green Giant, Del Monte, Hershey, Kraft, etc.)

- 2.
- 3.

**49-53: List five things to compare when choosing a bank or credit union.**

1. (Cost/check, service charges, minimum balance required, return of cancelled checks, ATM availability, debit cards, interest on savings, convenient location, types of accounts, etc.)

- 2.
- 3.
- 4.
- 5.

**54-56: Give three advantages of using credit cards**

1. (Don't need to carry money, immediate purchases, can make reservations or immediate repairs, ease, etc.)

- 2.
- 3.

**57-59: Give three disadvantages of using credit cards.**

1. (Temptation, overspending, stress, interest added, heavy debt, minimum payments difficult to pay off, etc.)

- 2.
- 3.

**60-62: What are three reasons for creating a "PYF" savings plan:**

1. (Can pay seasonal bills, save for large ticket items, reaching goals, emergencies, financial security, etc.)

- 2.
- 3.

**63-68: Fill out a check for Jane Jones to pay for a \$15.10 toaster that she purchases from Fleet Farm. Use the date of January 1, 2001:**

<b>133</b>	
Jane Jones Rt. 2 Box 33 ST. Jose, OH 33214	5-494-100 Date: <u>Jan. 1, 20 01</u>
Pay to the	
Order of: <u>Fleet Farm</u>	\$ <u>15.10</u>
<u>Only fifteen and 10/100</u> Dollars	
Bank One	<u>Jane Jones</u>
San Jose CA 01246	
For: <u>Toaster</u>	
0510 0251 12 324 67 8	



# ***MONEY MATTERS***

## ***ACTIVITIES FOR REAL LIFE LEARNING***

**(Level 3, Adequate)**

**These experiences are designed for adequate knowledge needed for management of money.**

- Persons can use ***MONEY MATTERS A Mini-Micropedia*** along with these learning experiences.
- The learning experiences can be used with the ***Mini-Micropedia, I CAN DO IT! A Micropedia of Living On Your Own***, or by themselves.
- There is an oral pretest and an objective post test included.

**The objectives of this unit are to:**

1. Understand value of and types of insurance
2. Know how to make a consumer complaint
3. Understand buying on credit and loans
4. Understand credit rating, interest, and late penalties
5. Know how to budget for unanticipated emergencies and seasonal bills
6. Understand responsibilities for filing income tax, information required, and how to find assistance.

### **Suggested Added Learning Experiences**

**(These can be used according to the capability of the learner and the amount of time available.)**

1. Listen to an insurance agent speak on types of insurance.
2. Create written examples or role play examples of emergencies that can affect budgeting.
3. Do an Internet search on a type of insurance that you need.
4. Create newspaper or radio ads for encouraging people to take out loans or credit cards.
5. Make an inventory of your personal belongings to use in case of theft or fire.
6. Develop a list of consumer affairs agencies in your area.
7. Analyze consumer-oriented magazines (i.e. *Consumer Reports, Consumer's Research, Changing Times.*)
8. Collect advertisements for consumer credit and create a display.
9. Listen to a credit manager from a local business. Ask about credit ratings and work of a credit bureau.
10. Gather instruction booklets from appliances. Analyze what could happen if directions aren't followed.
11. Interview a store manager to see how the store handles complaints.
12. Write for a Consumer's Resource Handbook at Consumer Information Center, Pueblo, CO.
13. Create case studies about consumer purchasing problems of teens. Decide what's best to do about the situations.
14. Write or draw ads showing the dangers of credit cards.

# INSURANCE BINGO

(Create Bingo cards using the empty Bingo form. Place the terms in squares. Every card should be different.)

<p>The amount paid over a period of time for the cost of insurance. (Premium)</p>	<p>The amount you must pay before the insurance company begins to pay for your loss. (Deductible)</p>	<p>Insurance that protects personal liability, property, and real estate. (Home owners' insurance)</p>
<p>Insurance that covers your personal property in a rental unit. (Renters insurance)</p>	<p>Insurance that specifies amount of money to be paid when insured dies. (Life insurance)</p>	<p>Life insurance for limited time. Has no cash value. Is renewable. Payments may rise with age. (Term insurance)</p>
<p>Insurance that pays dental bills. (Dental insurance)</p>	<p>Insurance that pays an income if you can't work because of illness or injury. (Disability insurance)</p>	<p>Auto insurance that pays for damage even if policyholder is responsible. (Collision insurance)</p>
<p>Provides protection when you are at fault in an auto accident. (Liability insurance)</p>	<p>Pays for cost of damage to your car that is not covered by collision insurance (i.e. hail, theft, vandalism). (Comprehensive or physical damage)</p>	<p>Auto insurance pays for hospital expenses, funerals, X-rays, medicines for persons injured in car. (Medical payment insurance)</p>
<p>Covers you as a driver or hit-and-run victim if you have an accident with someone who is uninsured. (Uninsured motorist insurance)</p>	<p>Automobile insurance that protects you no matter who is at fault. (No-fault insurance)</p>	<p>Health insurance organization with wide range of services. You must use doctor provided. (HMO plan)</p>
<p>Health insurance pays for cost of extensive illness not normally covered by normal insurance. (Major medical insurance)</p>	<p>Life insurance that has premiums that increase each time policy is renewed. (Level term insurance)</p>	<p>Life insurance has savings plan with insurance protection. When terms are followed, protection continues for life. (Whole life)</p>
<p>Health insurance organization that allows personal choice of doctors. (PMO plan)</p>	<p>Life insurance that has premiums paid for a set number of years or to a certain age. Stays in force for life. (Limited payment life insurance)</p>	<p>Life insurance policy that allows change from term to whole life or endowment policies. (Convertible life policy)</p>

# INSURANCE BINGO CARD




# NIGHTMARES!



Create a list of “happenings” that can cause problems with a budget. (i.e. auto accident, fire)

As you begin to take care of yourself, you need to protect yourself against financial losses. As you grow older, you will have even more responsibilities. Insurance becomes a necessity. It allows you to be reimbursed for personal and financial loss. The following chart will help you understand insurance. It will help you to plan. You’ll need to find some information to complete the chart. Check with two insurance agencies to compare insurance plans and costs. You can find this information in various ways: use the World Wide Web; make phone calls; visit an insurance agent’s office; invite an insurance agent to your home or class to discuss insurance with you, your teacher, and/or your family/caretaker. You can also find information in publications such as *Consumer Report*. When you decide to invest in insurance, be sure to comparison shop.

## USUAL INSURANCE POLICY COVERAGE YOU NEED AS YOU START OUT

POLICY TYPE	Check if you have it	Who pays the bill now?	Check if you need it	Who will pay for it?	Approximate Cost
<b>Automobile</b>					
Liability					
Collision					
Comprehensive					
Medical					
Uninsured motorist					
No-fault					
<b>Property</b>					
Renters					
Home owners					
<b>Life</b>					
Term					
Whole life					
<b>Health</b>					
HMO (Health Maintenance Organization)					
PPO (Preferred Provider Organizations)					
Regular medical					
Major medical					
Disability					
Surgical					
Government (i.e. Medicaid)					
Dental					
<b>TOTAL NEEDED FOR INSURANCE</b>				<b>\$</b>	

**HOW** look at your planned budget. How much will you plan to pay for insurance? \$ \_\_\_\_\_



# YOU HAVE THE RIGHT TO COMPLAIN!

Consumers have **rights** to safety, to be informed, and to be heard according to laws passed by Congress. There are many laws that protect consumers from fraud, deceptions, and misrepresentation.

Consumers also have **responsibilities**: to deal with reputable merchants; to read and follow instructions; to assert their consumer rights. (Complaints can be made by phone, by letters, or by personal visits.)

## PRACTICE YOUR RIGHTS . . .

Practice writing a letter of complaint. Use a problem of your own, create an example of a product that doesn't perform, or use the following example.

Simon Axon bought a Sonic electric razor, Model #376 on September 1, 2004. He paid \$76.00 plus tax. It worked well for two months. On November 14, he plugged it in. A buzzing sound was heard, BUT he couldn't shave his beard! He had purchased the razor on sale at Jason's Department Store at 211 S. Main in Montezuma, TX, 73212. He paid with a personal check and kept his receipt and his cancelled check. When he reread his instruction manual, he found he had followed the instructions. The razor was warranted for one year. When he returned the razor to Jason's Department Store, on November 17, the manager, Pedro Gonzalos, said he could do nothing. Simon wrote to the manufacturer on November 22. He found the company address with the help of the library. It was at 22022 Plainville Road, Roanoke, WA, 33220. He addressed the letter to the Consumer Complaint Division. Simon's address is: 417 Julian St., Montezuma TX, 73212. His phone number is 233-456-7986.

### SAMPLE COMPLAINT LETTER

(Your address)  
(Your city, state, ZIP)  
(Date)

(Name of contact person, if possible)  
(Title, if possible)  
(Company name)  
(Contact person or Consumer Complaint Division)  
(Street address)  
(City, state, Zip)

Dear: (contact person)

On (date), I (bought, leased, rented, had repaired) a (product with serial #, model #, or service) at (location, address, date, other details). I paid (designate amount) for the product (service).

Though I followed the directions, the product (or service) did not perform as expected (or service was not satisfactory) because (explain the problem). I am disappointed because (i.e. wrong billing, doesn't work, misrepresented). I tried to return the product at the place it was purchased, but the manager or salesclerks (give names) said they couldn't help.

I would like you to (refund my money, replace the item, make a charge card credit, repair, etc.) Enclosed you will find (receipts, guarantees, warranties, contracts, documents or other appropriate documents).

Please reply and take care of my problem. I will wait until (set date time limit) before I ask other help. I can be contacted at (home or office address and/or phone).

Yours truly,

(Your name)



# CREDIT IS NOT FREE!

**CREDIT IS A LOAN . . . . and you have to pay someone to loan you the money!  
YOU PROMISE TO PAY IT BACK WITH INTEREST !!!**

Here are letters from "TEEN TALK . . . Advice for Teens". How would you answer them?

First consider how you would answer the questions. Next combine your answers with another person. Write your combined answers to the questions asked and share them with the class or others.

"I've received ten credit card applications in the mail since I'm finishing my senior year of high school. I am tempted over and over again to use them. There are so many things that I want. What advice can you give me? Should I fill out the applications? How can I choose between them? Waiting to hear, *Mildred Appleby.*"

"I've been turned down! I applied for a credit card and the application was rejected. Why did this happen? I have a good job! What can I do so it won't happen again? I'm confused, *George*"

"I've just purchased a 'cool' futon for my new apartment. The futon cost me \$250.00 plus 5% tax. I made a down payment of \$75.00 and will make 12 easy payments of \$19.00 per month. I know I can afford the payments. Now I'm wondering if I should have waited until I had the cash to pay for it. What did I pay for the use of credit? How can I figure the total amount I will be spending for the futon? Did I make a wise choice? Signed, *Wish I'd studied my math!*" \*

"I want to buy a beautiful Harley that my friend will sell to me. I'm needing a loan since it will cost \$1500.00. How can I get a loan? I have only \$500.00 in my savings account. I don't have a job now, but could get one easily. I don't own anything that I can use as collateral. Oh, I'd hate to lose that motorcycle! Any suggestions? Sincerely, *Butch*"

## NOW MATCH TERMS TO SEE WHAT HAPPENS IF BILLS AREN'T PAID!

- |                                       |   |
|---------------------------------------|---|
| 1. ____ independent collection agency | a. A contract clause allowing creditor to claim entire amount of payment or to reclaim property under certain conditions. |
| 2. ____ wage assignment               | b. Allows creditor to seize item or property put up for collateral  |
| 3. ____ acceleration clause           | c. An agency that increases pressure to pay   |
| 4. ____ repossession                  | d. Allows creditor to get court order for creditor to take portion of payment from paycheck.                              |
| 5. ____ wage garnishment              | e. Written permission given to employer to withhold part of wages   |
| 6. ____ foreclosure                   | f. Lender starts process of taking over piece of property   |
| 7. ____ late penalties                | g. Extra agreed upon charges are made if bills are overdue  |

- \*To figure credit costs:
1. Multiply amount of each payment by number of payments you'll make
  2. Add down payment to your answer
  3. Subtract this amount from the cash price, including sales tax. This amount equals what you pay for credit.



# HOW TO REMIND YOURSELF OF BILL PAYMENT TIMING

**1<sup>ST</sup> : SAVE ENOUGH MONEY SO YOU CAN PAY YOUR BILLS WHEN THEY BECOME DUE. This requires a good money plan (budget).**

**2<sup>nd</sup> : PLAN IN WRITING WHEN BILLS ARE COMING DUE. Try It!  
( Here are forms for two months. Make extra copies to plan all 12 months.)  
Then go to the next page and plan payments made just a couple of times/year.**

## When Will Bills Be Due?

List when bills will be due each month and what you expect to pay.

MONTH:

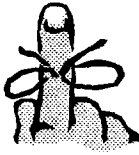
Week #	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

## When Will Bills Be Due?

List when bills will be due each month and what you expect to pay.

MONTH:

Week #	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday



# NOW PLAN FOR A WHOLE YEAR

## A CALENDAR OF PAYMENTS for SIX MONTHS

Write in the payments not due every month that you expect to make once or twice a year. There may be a lot of payments clustered together in a time period. Try to rearrange to pay them at a more convenient time.

### AMOUNT DUE

	January	February	March	April	May	June	TOTALS
Christmas & birthdays							
School supplies, tuition, etc.							
Clothing for school, work							
Furnishings, appliances							
Union dues, club memberships							
Car and other insurance							
Contributions							
Magazines or paper subscriptions							
Entertainment							
Car licenses							
Vacations							
Other							
TOTALS							

## A CALENDAR OF PAYMENTS for SIX MONTHS

Write in the payments not due every month that you expect to make once or twice a year. There may be a lot of payments clustered together in a time period. Try to rearrange to pay them at a more convenient time.

### AMOUNT DUE

	July	August	September	October	November	December	TOTALS
Christmas & birthdays							
School supplies, tuition, etc.							
Clothing for school, work							
Furnishings, appliances							
Union dues, club memberships							
Car and other insurance							
Contributions							
Magazines or paper subscriptions							
Entertainment							
Car licenses							
Vacations							
Other							
TOTALS							



# OUCH! . . . TAXES !!!



**Were you surprised when you got your first paycheck? The tax bite is usually shocking. Then, in addition, you have to file a tax form!**

The Internal Revenue Service (IRS) is the agency responsible for tax collection. If filing isn't done, a person can be prosecuted by the IRS. The IRS can question and do routine audits for three years. They can go back indefinitely for alleged fraud or non-filing. Keeping good records becomes increasingly important. With electronic record keeping, many errors can be made.

## START PLANNING NOW SO YOU'RE READY TO FILE

Check off records you need to have for filing taxes	Have	Need	Don't Need	Need more information
Listings & verification of allowable deductions				
Type of appropriate tax forms & instruction booklets				
List and verification of total income (i.e. wages, salary, interest, tips, alimony, annuities scholarships)				
Information of any taxes paid that are deductible				
Social security number				
Yearly W-2 forms				
A plan for filing before the filing deadline				
Knowledge of how to file				
Last tax forms filed and support including instructional materials.				
Other				

## PLAN YOUR FILING SYSTEM FOR TAX RECORDS

Place where I can put my records to keep them safe \_\_\_\_\_  
 Container for the records that is fireproof \_\_\_\_\_  
 Method of separating types of records (i.e. file folders, envelopes) \_\_\_\_\_  
 Information I still need for my records \_\_\_\_\_  
 Date when I'll start this filing system \_\_\_\_\_  
 Other planning \_\_\_\_\_

## NOW TRY FILING A RETURN

- 1. Tax forms are complicated and change often with new methods and new laws. You will need to get the latest forms before you can begin filing your real tax forms.**
- 2. List places where you can get help when you need it. (Don't forget to look in the phone book and the Internet.)**
- 3. List places where you can pick up free forms and instructional materials. THEN pick up the current state and federal forms that are appropriate for you.**

## NOW TRY FILLING OUT THE TAX FORMS!

**Oral Pre-Test**  
**MONEY MATTERS**  
**(Adequate)**

1. Do you have any insurance? *(Yes or No)* Why should a person have insurance? *(To have money to take care of unexpected disasters such as death, robbery, fire.)* What types of insurance are there? *(Life {term, whole, etc}; Automobile {comprehensive, collision, no-fault, etc.}; Household or Renters; Health {major medical, Medicare, HMO, dental, etc.})*
2. What would you do if you bought a product or service that was not satisfactory? *(Contact persons or place that sold the product or service. If you have no success, contact the company that made the product or is responsible for the service . Give complete information such as model #, serial #, copies of receipts, correspondence, etc. Explain what to expect such as a refund, credit, replacement, or repair. Let them know when you expect action.)*
3. Have you ever used a credit card of your own or taken out a loan? *(Yes or No)* Where are loans and credit cards available? *(Banks, business, credit unions, etc.)* What happens if bills aren't paid on time? *(Lose credit rating, bankruptcy, wage assignment, repossession, garnishment, foreclosure, don't have money available when needed.)*
4. What qualities are used to judge if you can get credit? *(Capacity to repay loan such as a job ; amount of money or things you have for collateral such as an automobile or house; what record you have of paying bills on time.)* What is interest? *(Amount of money charged for borrowing money.)* What are late penalties? *(Agreed upon amounts to pay when bills are not paid on time.)*
5. What process do you use to pay for unanticipated emergencies or seasonal bills? *(Answers will vary. Some record keeping method should be noted.)*
6. Have you ever filed an income tax form? *(Yes or No)* Why must you file income tax papers? *(It's a government law. The government needs money to function.)* What information do you need to file taxes? *(Income tax forms, W-2 record of income, instruction books, etc.)* If you need assistance, where can you find it? *(There are forms available at libraries, banks, IRS offices, or on the Internet. These include places and phone numbers where you can call for assistance.)*

**EVALUATION FOR MONEY MATTERS**  
**(Adequate)**

Write a "T" in front of the statements that are true. Write an "F" in front of the statements that are false.

1.  You should send original receipts along with a letter of complaint.
2.  Finance company loans usually have high rates.
3.  All motorists carry automobile insurance.
4.  Bank loans usually require collateral.
5.  If complaining about a product by phone, note the name of the person taking the call and the date.
6.  It's not the responsibility of a consumer to complain about a product that doesn't perform.
7.  Creditors use the same ways to calculate interest.
8.  It's important to read directions on a product before it is used.
9.  All renter's insurance policies cover total replacement value of lost items.
10.  Credit only means you have more money available.
11.  The recommended limit for total credit payments/month is 20-25% of income after taxes and housing are paid.
12.  Credit allows you to enjoy certain benefits that you will pay for later.
13.  Insurance policies should be read each year.
14.  Credit creates debt.
15.  Collision insurance may have a deductible clause.
16.  APR refers to the total % rate amount to be charged on the original price of a product.
17.  Attorney fees are added to foreclosure costs.
18.  A basic homeowner's insurance policy covers 28 risks plus such things as earthquake and sewer backup.
19.  Family household insurance policies always stay in force for children until they reach age 21.
20.  Credit ratings should be checked at least every three years.
21.  Preplanning when to make payments can help avoid overdue bills.
22.  Income tax forms are available at libraries.
23.  W-2 forms are sent out to employees by employers.
24.  W-4 forms, filled out by employees, allow employers to withhold correct amount of federal tax.
25.  Deductions are allowed on form 1040EZ.

**26-31: Match the following insurance terms with their definitions:**

- |   |   |
|---|---|
| <input type="checkbox"/> term               | a. Includes savings plan with insurance protection for life       |
| <input type="checkbox"/> collision          | b. Protects no matter who is at fault                             |
| <input type="checkbox"/> no-fault           | c. Insures for limited time & is renewable. Rates may increase.   |
| <input type="checkbox"/> whole life         | d. Protects personal liability, property, and real estate         |
| <input type="checkbox"/> uninsured motorist | e. Covers driver or hit-and-run victim if hit by uninsured person |
| <input type="checkbox"/> home owner's       | f. Pays for car damage even if owner is at fault                  |

**32-36: Match terms with definitions:**

- |  |   |
|--|---|
| <input type="checkbox"/> independent collection agency | a. A contract clause that allows creditor to claim entire amount of payment or reclaim property |
| <input type="checkbox"/> wage assignment               | b. A creditor can seize item or property that was put up for collateral                         |
| <input type="checkbox"/> acceleration                  | c. Organization that increases pressure to pay bill   |
| <input type="checkbox"/> repossession                  | d. Creditor gets court order for employers to take a portion of paycheck for payment of debt    |
| <input type="checkbox"/> wage garnishment              | e. Gives written permission to creditor to withhold part of wages to pay debt                   |

**37-42: Match the following credit terms with their definitions:**

- |   |   |
|---|---|
| <input type="checkbox"/> credit         | a. Items of value (i.e. automobile, house) used to secure a loan  |
| <input type="checkbox"/> debt           | b. Record of spending and payment supplied to credit bureaus  |
| <input type="checkbox"/> finance charge | c. Show how big the finance charge is in comparison to what you borrow depending on time allowed to pay it back |
| <input type="checkbox"/> collateral     | d. Amount of dollars loaned based on ability and willingness to pay   |
| <input type="checkbox"/> credit rating  | e. A fee charged for using credit   |
| <input type="checkbox"/> APR            | f. Something you owe with an obligation to pay it back  |

**43-49: List seven items that should be included in a letter of complaint**

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

**50-54: List five ways you can establish credit:**

- 1.
- 2.
- 3.
- 4.
- 5.

**5-60: Figure what you will pay for credit if you buy a television set for \$189.00 plus 5% sales tax if you agree to a payment of 1/3 down and 12 monthly payments of \$15.00 each:**

Original cost: \_\_\_\_\_  
Sales tax: \_\_\_\_\_  
1/3 down payment \_\_\_\_\_  
12 monthly payments \_\_\_\_\_  
Total cost of television \_\_\_\_\_  
Total cost of credit \_\_\_\_\_

**61-65: Mark an "X" by all of the statements that are true:**

- In a 20/40/10 liability insurance policy, the "40" refers to the amount allowed for personal injury expenses of one person if you are at fault.
- Homeowners and rental insurance give the same types of insurance coverage.
- No-fault automobile insurance has insurance companies pay claims immediately.
- Term life insurance is in force for a limited time and may then be renewed. It may raise the premium with age. It pays only when a policy holder dies.
- An HPO Is a health insurance organization that allows you to choose your own doctor.

**66-70: Mark an "X" by all of the statements that are true:**

- A1040EZ tax form has only one sheet to fill out.
- Head of a household is one filing status used on an income tax form.
- Total income includes interest on stocks and bonds.
- Deductions include such things as donations, medical expenses, and child care expenses.
- Internal Revenue Services offer help by telephone.

**EVALUATION ANSWERS FOR MONEY MATTERS**  
**(Adequate)**

Write a "T" in front of the statements that are true. Write an "F" in front of the statements that are false.

1. F \_\_\_ You should send original receipts along with a letter of complaint.
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5. T \_\_\_ If complaining about a product by phone, note the name of the person taking the call and the date.
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- |                          |   |
|--------------------------|---|
| c ___ term               | a. Includes savings plan with insurance protection for life       |
| f ___ collision          | b. Protects no matter who is at fault                             |
| b ___ no-fault           | c. Insures for limited time & is renewable. Rates may increase.   |
| a ___ whole life         | d. Protects personal liability, property, and real estate         |
| e ___ uninsured motorist | e. Covers driver or hit-and-run victim if hit by uninsured person |
| d ___ home owner's       | f. Pays for car damage even if owner is at fault                  |

**32-36: Match terms with definitions:**

- |                                     |   |
|-------------------------------------|---|
| c ___ independent collection agency | a. A contract clause that allows creditor to claim entire amount of payment or reclaim property |
| e ___ wage assignment               | b. A creditor can seize item or property that was put up for collateral                         |
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**37-42: Match the following credit terms with their definitions:**

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| d ___ credit         | a. Items of value (i.e. automobile, house) used to secure a loan  |
| ___ debt             | b. Record of spending and payment supplied to credit bureaus  |
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| b ___ credit rating  | e. A fee charged for using credit   |
| c ___ APR            | f. Something you owe with an obligation to pay it back  |

**43-49: List seven items that should be included in a letter of complaint**

- |   |                                |
|---|--------------------------------|
| 1. Copies of charge slips, receipts, correspondence, warranties, etc. | 8. Where product was purchased |
| 2. Names of people contacted  | 9. Your name and address       |
| 3. Addresses of people contacted                                      | 10. How to contact you         |
| 4. Model number, serial number  | 11. Type of product or service |
| 5. Date of purchase   |                                |
| 6. What your expectations are (refund, credit, replacement, etc.)     |                                |
| 7. Date when expectations should be completed.                        |                                |

**50-54: List five ways you can establish credit:**

- |                                    |   |
|------------------------------------|---|
| 1. Have a steady work record       | 6. Pay bills promptly                                 |
| 2. Never bounce checks             | 7. Start a savings and checking account               |
| 3. Apply for credit                | 8. Get your name on a prompt paying relatives account |
| 4. Repay bills ahead of time       | 9. Buy a large purchase on credit and pay early       |
| 5. Have someone cosign application |   |

**5-60: Figure what you will pay for credit if you buy a television set for \$189.00 plus 5% sales tax if you agree to a payment of 1/3 down and 12 monthly payments of \$15.00 each:**

Original cost:	<u>\$189.00</u>
Sales tax:	<u>9.45</u>
1/3 down payment	<u>66.15</u>
12 monthly payments	<u>180.00</u>
Total cost of television	<u>246.15</u>
Total cost of credit	<u>\$ 47.70</u>

**61-65: Mark an "X" by all of the statements that are true:**

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- \_\_\_ Homeowners and rental insurance give the same types of insurance coverage.
- X \_\_\_ No-fault automobile insurance has insurance companies pay claims immediately.
- X \_\_\_ Term life insurance is in force for a limited time and may then be renewed. It may raise the premium with age. It pays only when a policy holder dies.
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