

Financial Literacy



HILLSBOROUGH
LITERACY COUNCIL

Teaching Adults to Read and to Speak English

Tutor Meeting
Saturday, March 27, 2010

Statistics

- About half of adults (49%) say they are concerned they have not paid enough attention to managing their finances as they should have and 48 percent are concerned they don't know enough about financial planning. Source: The Harris Poll #22, 2007
- 40% of Americans say they live beyond their means. Source: Fort Worth Business Press, 2002
- About 20 percent of U.S. households, representing 22.2 million families are "unbanked." (i.e. not using mainstream, insured financial institutions.) Source: Center for Financial Services Innovation (CFSI), 2007

More Statistics

- The average household with debt carries approximately \$10,000 to \$12,000 in total revolving debt and has 9 credit cards. Source: Jump\$tart Coalition, 2005
- Americans spent more than \$24 billion in credit card fees in 2004, an 18% increase over the previous year. Source: Cardweb.com, 2005
- In 2005, savings rates dipped to minus 0.5 percent, something that hasn't happened since the Great Depression in 1932 and 1933. A negative savings rate means that Americans spent all their disposable income and dipped into past savings or increased their borrowing. Source: U.S. Commerce Department, 2006

What is Financial Literacy?

- The ability to understand finance. Making informed judgments and effective decisions about the use and management of money.

Wikipedia

- The knowledge and ability to manage one's personal finance with competence. A lifelong process requiring both academic and practical components.

Institute for Financial Literacy

What are some aspects of personal finance should everyone know?

- Creating a budget
- Banks/credit union accounts
- Savings
- Financial goals
- Credit Cards
- Preventing Identity Theft
- Insurance
- Income tax

Today we'll talk about:

- Creating a budget
- Financial goals
- Credit Cards
- Preventing Identity Theft

The Budget

Vocabulary Words

- **Budget:** a time-based plan used to keep track of money that is saved and spent.
- **Expenses:** money that you spent on bills, food and other costs of daily life.
- **Income:** money that comes to you such as your salary, pension, selling an item.
- **Saving:** putting money in a safe place for future needs or wants.
- **Spending:** money given in exchange for goods or services that are needed or wanted.

Creating A Budget

- Identify household income
- List expenses
- Compare income and expenses
Subtract expenses from income
- Set priorities and make changes
Difference needs and wants, plug spending leaks

[http://www.smartaboutmoney.org/Home/TaketheFirstStep/
CreateaSpendingPlan/tabid/405/Default.aspx](http://www.smartaboutmoney.org/Home/TaketheFirstStep/CreateaSpendingPlan/tabid/405/Default.aspx)

Financial Goals

Vocabulary Words

- **Financial Goal:** a planned future achievement that costs money.
- **Long term goals:** usually cost a lot of money and take many months or years to reach. Often they are things that you want.
- **Short term goals:** usually cost less money and take a few months to reach, but you still need to plan for them. Sometimes they are things that you need.
- **Needs:** things we must have or to survive, such as food, water and shelter.
- **Wants:** things we would like to have but are not essential for life. Items, activities, or services that may increase the quality of life, but one can live without them.

Financial Goals

- Write them down
 - Specific
 - Measurable
 - Achievable
 - Relevant or Realistic
 - Time-bound
- Prioritize goals
- Review regularly
- Start saving

Credit Cards

Vocabulary words

- **APR, Annual Percentage Rate:** the amount lenders charge on the balance of borrowed credit.
- **Credit:** buy now, pay later.
- **Credit Limit:** the maximum amount a lender will extend to a customer.
- **Credit Report:** a record of how past debts were paid.
- **Debt:** the entire amount of money owed to lenders.
- **Finance Charge:** the total cost of borrowing, including interest and fees, expressed in a dollar amount.
- **Minimum Payment:** the least amount you're required to pay each billing cycle.

Credit Cards

- The Federal Reserve established new credit card rules to protect consumers. A list of the rules can be found at http://www.federalreserve.gov/consumerinfo/wyntk_credi_tcardrules.htm and an interactive description of changes to monthly credit card statements is online at <http://www.federalreserve.gov/creditcard/flash/readingyourbill.html>
- Free credit report once a year from each of the three nationwide consumer credit reporting agencies: Equifax, Experian, and TransUnion at <https://www.annualcreditreport.com/cra/index.jsp>

Identity Theft

Vocabulary words

- **Dumpster diving:** personal information stolen from the trash.
- **Identity Theft:** when someone uses your name, Social Security number, credit card number, and other personal information without your permission.
- **Phishing:** an identity theft tool that takes on the form of an E-mail or pop-up message; usually looks like it's from a legitimate financial institution and prompts you to provide your personal information in order to fix a "problem" with your account.
- **Pretexting:** someone contacts you to verify your Social Security number, account number or other personal information.

Preventing Identity Theft

- Keep personal information in a safe place.
- Shred papers with confidential information – including junk mail – before throwing them out.
- Carry as few items as possible that contain your identification and personal information.
- Be careful of pretexting and phishing.
- Add “fraud alert” to accounts. With a fraud alert, the credit agency has to call to confirm any requests to open a new account in your name.
- Check your credit reports regularly.

<http://www.bos.frb.org/consumer/identity/idtheft.pdf>

Laubach

(Basis Literacy)

Book 1

Lesson 5: The Shop

Book 2

Lesson 6: Eggs to Sell

Lesson 10: John Oliver's Shop

Lesson 12: At the Farmers' Market

Lesson 14: At the Dress Shop

Lesson 15: At the Market

Book 3

Lesson 3: After Payday

Lesson 9: Steve's Job

Lesson 20: At the Department Store

Lesson 21: A Shirt Story

Book 4

Lesson 3: A First Apartment

Lesson 15: The Year I Was
Unemployed

LifePrints

(ESOL)

Book 1

Chapter 8: The Cost of Things

Chapter 11: The Spice of Life

Book 2

Chapter 3: Making choices about
Money

Chapter 5: Having a Good Time

Book 3

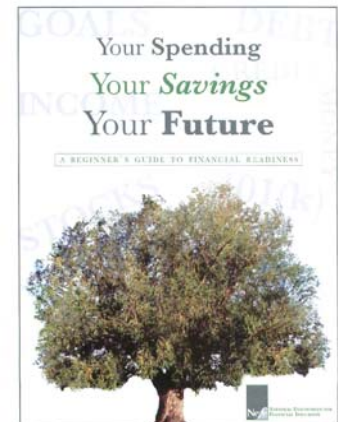
Chapter 3: Making Ends Meet

Chapter 8: Real Costs of a Car

Chapter 11: Can I Buy a House?

Recommended Resources

- Project Money
Reach for Your Dreams: Start Saving Now
<http://www.projectmoney.org/savingmoney/startsaveingnow.pdf>
Easy to read workbook to help students create a spending and savings plan to help them achieve their financial goals.
- Your Spending, Your Savings, Your Future
A Beginner's Guide to Financial Readiness
<http://www.smartaboutmoney.org/LinkClick.aspx?fileticket=6TBy%2fQC4vx0%3d&tabid=442&mid=832>
More advanced than Project Money, this electronic booklet gives anecdotes, definitions and worksheets related to spending, debt, credit cards; and savings, and financial goals.



Check it out at the library

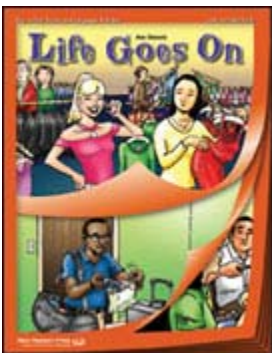
Ana Gianola

Graded workbooks with real-to-life stories and reading, writing, listening, and comprehension activities.

Reading Levels: Introductory, Low-Beginning, High-Beginning, Low-Intermediate



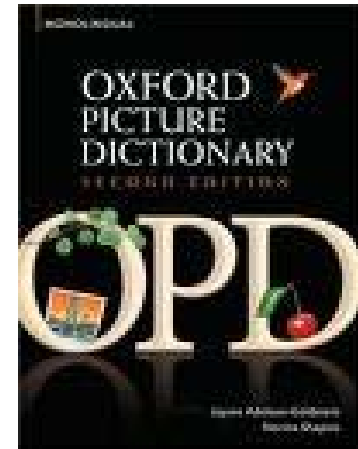
- That's Life
Low-Beginning example: The Debit Card
http://www.newreaderspress.com/Downloads/0150_88449_web_TL_LB_sample.pdf



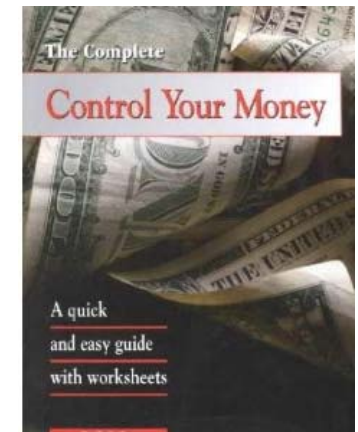
- Life Goes On
Low-Intermediate example: Bank Fees
http://www.newreaderspress.com/Downloads/0130_1379287_web_LGO_LI_sample.pdf

Oxford Picture Dictionary (monolingual) and student workbooks (low beginning, high beginning, intermediate)

- Money, page 20
- Shopping, page 21
- Finding a Home, page 35
- A Mall, pages 92, 93
- A Bank, page 97



The complete Control Your Money: a quick and easy guide with worksheets.
New Readers Press
Reading Level: 5



Online Sources

The Beehive

<http://www.thebeehive.org/money>

Information and resources related to money, health, jobs, school and family. Interactive guide to create a budget, use an ATM, and write a check.

BalanceTrack: Teachers Federal Credit Union personal finance education program.

<http://www.balancetrack.org/partners/teachersfcu/>

Modules including money management, credit, checking accounts, financial planning, recovering from financial crises and identity theft, etc.

System for Adult Basic Education Support

<http://www.sabes.org/resources/financial-literacy.htm>

Links to financial literacy resources.

More Online Sources

New York Times: The Learning Network: I Owe You

<http://learning.blogs.nytimes.com/2009/05/20/i-owe-you/#more-5337>

Learn the basics about credit cards and credit card debt. Includes archived NY Times stories and interactive sites and online resources.

Consumer Jungle

<http://www.consumerjungle.org/>

Quizzes, worksheets, and resources about cars, cell phones, computers, credit, health and independent living for young adults. Includes a list of common financial mistakes and consumer fraud alerts.

Even More Online Sources

Smart About Money

<http://www.smartaboutmoney.org/>

Developed by the National Endowment for Financial Education, website includes articles, worksheets, and online links to lifelong money management issues.

Federal Reserve Consumer Information

<http://www.federalreserve.gov/consumerinfo/default.htm>

On Guard Online

<http://www.onguardonline.gov/default.aspx>

Practical tips to protect consumers personal information.