

Meeting the Texas High School Education Legislative Mandate



Building financially literate communities

www.ibat.org/foundation

Version: 2010
Good through 2012

In appreciation of American National Insurance Company and Dial Dunkin and Associates for underwriting the costs of this Project.

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House Bill 492 – Woolley

Passed 2005 Legislative Session

HB 492 requires instruction in personal financial literacy in one or more courses required for high school graduation. This requirement will help to provide students with the knowledge and skills necessary to make critical financial decisions. --HB 492



About the Bill's Author

Representative Beverly Woolley District 136, Houston

Beverly Woolley, longtime Republican and community activist, was serving her sixth term in the Texas House of Representatives when the bill was passed. Presently, Representative Woolley is the Chairman of the powerful House Committee on Calendars and serves as a member on the House Committee on Civil Practices and the House Committee on Ways & Means.

Representative Woolley has initiated legislation to help small businesses have greater access to health insurance, protect abused children, promote financial literacy, and aid law enforcement. She has also actively supported legislation to curb law suit abuse, establish a state-wide Do-Not Call List, and to define marriage in Texas as a union between a man and a woman.

The hard work and dedication that Representative Woolley demonstrates as a legislator has been recognized by various organizations. The Texas Association of Business recognized Representative Woolley for her strong pro-business voting record. The Texas Municipal Police Association presented Representative Woolley with their Legislative Excellence Award, which is awarded to legislators who have demonstrated a strong commitment to law enforcement and criminal justice. Representative Woolley has also received distinctions from Texans for Lawsuit Reform, The Combined Law Enforcement Associations of Texas and the Houston Firefighters Association.

A long time volunteer for community organizations, Representative Woolley has served on the boards of the Court Appointed Special Advocates (CASA), the Mental Health Association and the Foundation for Financial Literacy. She is a former Cub Scout leader and youth sports coach. She previously served on the Nassau Bay, Texas, City Council.

As a former Nassau Bay City Council member, Representative Woolley recognizes the importance of local government. As a legislator she works closely with elected officials in Houston and Harris County to promote legislation that is beneficial to our community and allows local governments to function more efficiently and effectively.

Representative Woolley is a native Houstonian and a cum laude graduate of the University of Houston. She has been married to Lynn Woolley for forty-five years.

Dallas Morning News Article

Pamela Yip: High schools focus on financial lessons

Monday July 17, 2006

Texas education officials are setting higher academic standards for high school students, requiring them to have four years of math and science to graduate.

You can include stricter requirements for financial literacy in that.

Such programs are all the rage, as companies, educators and experts realize that a strong foundation in personal finance education enables young people to head off financial mistakes that will have far-reaching consequences.

Many Texas school districts have been incorporation personal financial literacy as a component of economics courses, which are required for high school graduation.

Previously, the state mandated that students understand “consumer economics,” including investing, credit, interest, insurance, and the process of buying goods and services.

Starting in the fall, the state mandates are meatier.

Areas that must be covered:

- *Understanding interest, and avoiding and eliminating credit card debt.
- *Understanding the rights and responsibilities of renting or buying a home.
- *Managing money to make the transition from renting to home ownership.
- *Starting a small business.
- *Being a prudent investor in the stock market and using other investment options.
- *Beginning a savings program and planning for retirement.
- *Understanding bankruptcy.
- *The types of bank accounts available to consumers and the benefits of maintaining a bank account.
- *Balancing a checkbook.
- *The types of loans available to consumers and becoming a low-risk borrower.
- *Understanding insurance.
- *Charitable giving

“Now, there’s a very clear signal to all the public schools in Texas that these areas really need to be covered in economics before students graduate,” said Michelle Davidson Ungurait, director of social studies at the Texas Education Agency.

Very specific

“The main difference in the fall is that the course will cover very specific things,” she said. “This is calling for a much more rigorous, intense study of personal financial literacy in the mandated economics course for graduation.”

This is a very good thing. I’ve written several columns about how important it is for young people to learn about how to manage money before they become adults.

“More kids have the ability to work today, and they’re making pretty good salaries,” said Mike Farish, principal of Wakeland High School in Frisco, which will open in August. “Young people should be exposed to some of the pitfalls of personal finance, as well as the rewards.”

Because his school will open with just freshman, sophomore and junior levels to start, it will incorporate financial literacy knowledge into marketing classes, introduction-to-business courses and business management classes, Mr. Farish said.

Educators at the Dallas Independent School District are also eager to institute the new financial literacy requirements, spokesman Celso Martinez said.

“We’re starting off a new year, and we’re really excited about moving forward with a curriculum that addresses those things that are absolutely essential for our youngsters to have,” he said.

United effort

I’m heartened to hear that educators feel good about teaching these courses, because it’s going to take a united effort by them, parents and the community to really make financial literacy programs successful.

The teachers have one thing going for them.

“When you have the kids’ attention on something that is very applicable to their world, you have their attention, and when you have their attention, they’re easy to teach,” Mr. Farish said.

The schools are doing their part; parents must, also.

Teach your kids the importance of saving money and how their youth is a huge advantage because of the time they have for savings to accumulate over time.

“It takes a commitment from parents and students in realizing how important a skill this is,” said Jill Pharr, executive director of the Texas Credit Union Foundation, which is helping to train teachers to teach the financial literacy information.

“They’ve got to manage their resources.”

TEA Agency Requirement with 12 Areas of Financial Education Need

Areas of Instruction:

- A. understanding interest, avoiding and eliminating credit card debt
- B. understanding the rights and responsibilities of renting or buying a home
- C. managing money to make the transition from renting a home to home ownership
- D. starting a small business
- E. being a prudent investor in the stock market and using other investment options
- F. beginning a savings program and planning for retirement
- G. bankruptcy
- H. the types of bank accounts available to consumers and the benefits of maintaining a bank account
- I. balancing a check book
- J. the types of loans available to consumers and becoming a low-risk borrower
- K. understanding insurance
- L. charitable giving

List of Approved Materials

(Approved by the State Board of Education April 28, 2006, July 7, 2006, November 16, 2007, and May 22, 2009)

This page last updated May 26, 2009

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- K. understanding insurance
- L. charitable giving

Program	A	B	C	D	E	F	G	H	I	J	K	L	Branded
American Bankers Association Education Foundation <i>Get Smart about Credit eLearning Get Smart about Credit</i>	x	x			x	x		x		x		x	Yes
American Bankers Association Education Foundation <i>Teach Children to Save</i>	x			x	x	x		x	x	x		x	Yes
American Financial Services Association Education Foundation (AFSAEF) <i>MoneySKILL®</i>	x	x	x	x	x	x	x	x	x	x	x		Yes
Aztec Software <i>Financial Literacy from Aztec Software</i>	x	x	x	x	x	x	x	x	x	x	x	x	Yes
Better Business Bureau Education Foundation <i>Life After School</i>	x									x			No
Better Business Bureau Education Foundation <i>Young Consumer Advocate Program</i>	x						x						No
BizWorld Foundation <i>BizWorld</i>	x			x							x	x	Yes
BizWorld Foundation <i>BizWiz</i>	x				x		x				x		Yes

Center for Consumer Law <i>Know Your Rights</i>	x		x				x	x	x	x	x						Yes
Center for Student Credit Card Ed., Inc. <i>The ABCs of Credit Card Finance</i> (updated 2009)	x																Yes
Citigroup ("Citi") <i>Citigroup Financial Education</i> <i>Program</i>	x						x	x	x	x	x	x					Yes
Dave Ramsey's Office <i>Financial Peace for the Next</i> <i>Generation</i>	x	x	x	x	x	x	x	x	x	x	x	x	x	x			Yes
Federal Deposit Insurance Corporation <i>Money Smart</i>	x	x	x				x		x	x	x						Yes
Federal Reserve Bank of Dallas <i>Building Wealth in the Classroom</i> (updated 2009)	x		x	x	x	x			x		x						Yes
Federal Reserve Bank of Dallas <i>Building Wealth: A</i> <i>Beginner's Guide (Revised and</i> <i>Expanded Edition)</i> <i>Building Wealth Classroom</i> <i>Lessons</i> <i>Building Wealth Interactive CD-</i> <i>ROM</i>	x		x	x	x	x	x	x			x	x					Beginner's Guide Yes Other Material No
Financial Planning Association <i>Money School</i>	x						x	x	x								Yes
First Command Educational Foundation <i>Money Matters</i>	x	x	x	x	x	x	x	x	x	x	x	x	x	x			Yes
First Command Educational Foundation <i>Personal Financial</i> <i>Literacy for Texas HS</i>	x	x	x	x	x	x	x	x	x	x	x	x	x				Yes
FoolProof Financial Education Systems, Inc. <i>FoolProof for High Schools</i> (updated 2009)	x										x	x	x				Yes
Foundation For Financial Literacy <i>Passport to Fiscal Fitness</i>	x	x	x	x	x	x	x	x	x	x	x	x	x				Yes
Foundation for Investor Education & Texas Council for Investor Education <i>Stock Market Game Program</i>							x	x									Yes
Frost Bank <i>Frost Financial Youth Academy</i>	x	x	x	x	x	x	x	x	x	x	x						Yes
Green Path, Inc. <i>The "Banking Is" Program</i>	x	x	x	x			x	x	x	x	x						Yes
Holt, Rinehart, and Winston <i>Civics in Practice</i>	x						x							x	x		Yes

Holt, Rinehart, and Winston <i>Economics</i>	x	x	x	x	x	x	x	x	x	x	x	x	x		Yes
IBAT Education Foundation IBAT Financial Education Clearinghouse for Kids, Teachers, Parents, Bankers	x	x	x	x	x	x	x	x	x	x	x	x	x		Yes
Institute for Financial Literacy <i>A Passport to Fiscal Fitness</i> (web-based version)	x	x	x	x	x	x	x	x	x	x	x	x	x		Yes
Internal Revenue Service <i>Understanding Taxes</i>				x	x	x	x								Yes
Investor Protection Trust <i>FL 2010</i>	x		x		x	x		x				x			Yes
Junior Achievement <i>Economics</i>	x			x	x	x		x				x			Yes
Junior Achievement <i>Personal Finance</i>	x	x	x	x	x	x	x	x				x			Yes
Jr. Finance Literacy Academy, Inc. <i>Personal Financial Literacy Flash</i> <i>Cards</i>	x	x		x	x	x	x	x				x			Yes
Knowledge Matters, Inc. <i>Virtual Business – Personal</i> <i>Finance</i>	x	x	x		x	x		x	x	x	x				Yes
The Lampo Group Inc./Dave Ramsey’s Office <i>Foundations in Personal Finance</i>	x	x	x		x	x	x	x	x	x	x	x	x		Yes
Money Academy <i>Financial Literacy: Making Your</i> <i>Money Grow</i>		x			x	x								x	Yes
Money Brains, Inc. <i>Money Brains</i>	x	x	x		x	x		x	x	x	x				Yes
Muriel F. Siebert Foundation <i>Personal Finance Program:</i> <i>Taking Control of Your Financial</i> <i>Future</i> (updated 2009)	x	x	x	x	x	x	x	x	x	x	x	x	x		No
National Council on Economic Education <i>Financial Fitness for Life</i>	x	x	x	x	x	x		x	x	x	x				Yes
National Council on Economic Education <i>Learning, Earning, and Investing</i>	x		x	x	x	x	x	x							Yes
National Council on Economic Education <i>Your Credit Counts</i>		x	x		x	x		x							Yes
National Endowment for Financial Education (NEFE) Texas AgriLife Extension Service Texas Credit Union Foundation	x			x	x	x	x	x	x	x	x				Yes

Easy to Use IBAT Foundation Website solutions to TEA Requirements

Personal Financial Literacy Materials Content Verification

Title: IBAT Financial Education Clearinghouse for Kids, Teachers, Parents, Bankers

Organization: IBAT Education Foundation**

Contact Person: Mary Lange, CAE, Foundation President

Phone: 512/474-6889

Email: mlange@ibat.org

**A division of the Independent Bankers Association of Texas. IBAT is made up of 550 community banks spread across Texas in every school district and county. Community bankers are already teaching financial education classes in the schools near their banks and branches. The IBAT Education Foundation reviews materials to add to its Foundation website of easily accessible resources for elementary, middle, and high school students, teachers, parents and bankers.

The materials included on this list are easily clicked on and researched. No passwords are needed. The foundation website contains many other resources as well.

	Personal financial literacy materials (check all that apply)	List unit/section/ chapter title	List activity/page #(s) / web link(s)
A. understanding interest, avoiding and eliminating credit card debt	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.mindyourfinances.com www.yourcreditcardcompanies.com
B. understanding the rights and responsibilities of renting or buying a home	X	www.ibat.org click on IBAT Education Foundation Teacher/Parent Resources	www.safeborrowing.com
C. managing money to make the transition from renting a home to home ownership	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.practicalmoneyskills.com Click on home based financial literacy button on top of page.
D. starting a small business	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.moneymatterstome.com Click on Life Changes, scroll down to starting a small business.
E. being a prudent investor in the stock market and using other investment options	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.lei.ncee.net Learning, Earning, Investing

F. beginning a savings program and planning for retirement	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.Texasaves.com www.ms.money.com
G. bankruptcy	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.mindyourfinances.com Click on Credit and debt
H. the types of bank accounts available to consumers and the benefits of maintaining a bank account	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.practicalmoneyskills.com Click on At Home button, Banking Services for a full array of types of accounts and how banks work.
I. balancing a check book	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.practicalmoneyskills.com Click on Home, Home Skills, Banking Services
J. the types of loans available to consumers and becoming a low-risk borrower	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.mymoney.gov Click on Credit and scroll down for loan options
K. understanding insurance	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.life-line.org Scroll across the home page for various types of insurance.
L. charitable giving	X	www.ibat.org IBAT Education Foundation Teacher/Parent Resources	www.360financialliteracy.org Click on retirement and estate planning for section on charitable giving.

Cost to districts (per pupil): Free

Are these branded materials? XXX Yes by each provider XXX No – not by IBAT. These are available to anyone.

Action Plan

8 Easy Steps to connect With Your Schools

1. Designate a champion in your bank to be the designated contact.
2. Using the sample letter templates, send a letter of introduction to your school superintendent and/or principals.
3. Locate your school district's superintendent by checking this web site at TEA: <http://askted.tea.state.tx.us/quickrpt/roles/superint/fmt/orgname.htm> which is arranged in alphabetical order by the school district's name.
4. Attend the IBAT Financial Literacy Summit each year for best practices, ideas and trends.
5. Review the IBAT Education Foundation Website of Financial Education Resources --- www.ibat.org/foundation.
6. Review the Texas Education Agency requirements on 12 topic areas.
7. Review the IBAT solutions to the TEA requirements.
8. Review the practical exercises. Provide these to your local schools as examples of activities to meet the TEA mandate. We recommend that teachers and/or bank volunteers incorporate these exercises in their math class. Each exercise should take about 15-20 minutes and would provide a tangible demonstration of the 12 skill sets as mandated by the Texas Education Agency.

Sample letter language

Please customize on your bank letterhead

Dear Superintendent ____,
or Dear Principal _____,

I am writing to volunteer my time and resources to help meet the Texas Legislative mandate to provide financial education in our high school classes.

As you know, there is a growing focus on financial literacy education at the high school level. This is vital to the future of our youth and necessary for the growth of businesses in our community. As a community banker in your district, I am offering you and the high school teachers of our district a tool kit of practical resources to facilitate complying with the new state mandate.

Among these resources:

1. Texas Education Agency (TEA) list of topics to be covered.
2. Practical hands on exercises that employ web sites and books on financial literacy education, you will find sample activities for your high school teachers.
3. My time if requested to help facilitate these exercises in your classrooms.
4. A full library of resources by age at www.ibat.org/foundation

I offer you this packet of materials to assist our high school teachers in this important outreach.

Please let me know if I may assist you in this effort. My direct line is _____.

Sincerely,

Your Bank Representative
Your Bank
Your City



PRACTICAL EXERCISES

From the IBAT Banker Tool Kit:

Meeting the Texas High School
Education Legislative Mandate
For information call 800/749-4228

The following exercises support the 12 skill sets listed in the Texas Education Agency chart found on page 10 of this booklet and specific web sites are given for each entry.

Provide these to your local schools as examples of activities to meet the TEA mandate. We recommend that teachers and/or bank volunteers incorporate these exercises in their discussions on financial health, math, or social studies. Each exercise takes about 10 minutes to complete and provides a tangible demonstration of the 12 skill sets.

The exercises were adopted from a math textbook by Glenda Black and Judy Reinhart who are both members of Alpha Chapter of Delta Kappa Gamma Society International. Glenda, a retired Austin ISD high school math teacher, used this book with her students. Judy, a retired Austin ISD school librarian, works with the IBAT Education Foundation on this and other projects.

Mathematics of Money with Algebra by Cheryl Clayton was published by South-Western Publishing Co. in 1995, ISBN 0538-634723. It is now available from Glenco, a division of McGraw-Hill Publishing Co.

1. Understanding interest, avoiding and eliminating credit card debt.

Jane has a \$650.00 balance on her MASTER CARD as of January 1. The Finance Charge is 18% a year or $18/12=1.5\%$ a month. She makes monthly payments of 10% of the amount due rounded to the nearest dollar.

In February she adds a purchase of \$63.00; in May, \$141.00; in September, \$106.00; and in December, \$256.00.

Complete the chart below. January's new balance will be February's previous balance.

MONTH	PREVIOUS BALANCE in \$	NEW FINANCE CHARGES in %	CHARGES in %	PAYMENT MADE in \$	NEW BALANCE in \$
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

How much Finance Charges did she pay for the year?
Discuss the advantages and disadvantages of using a credit card.

3. Managing money to make the transition from renting a home to home ownership.

A. The price of goods and services goes up as time passes which is called inflation. When buying a home inflation must be considered.

1. What will be the value of a house costing a \$100,000 be in 5 years with a 3.3% rate of inflation to the nearest one thousand?

2. Juan and Maria Rios take out a home mortgage for \$100,000 at 8% interest for 20 years. Their combined gross income is \$2500 per month.

i. If the rule of thumb is 2 ½ times annual income, could they afford this purchase?

ii. If no, what can they afford?

3. The rule of thumb for renting is the monthly rent should be no more than 1 week's gross income. John and Sally Smith's combined monthly income is \$4200.

4. What is the most they can afford in rent?

5. Keeping in mind other monthly expenses such as food, utilities, gas, clothing and entertainment, how much would it be wise for them to spend on rent?

6. When planning to buy a home the more money you have for a down payment the less money you need to borrow and pay interest on. Down payments range from 5% to 30%.

i. What would be the down payment of a \$65,000 home if they plan to pay 25%?

4. Starting a small business.

Sarah Bright opened a snow cone stand. For \$260 a week, she rents a machine and a small stall near a park. The ingredients and energy to make the snow cones costs her \$0.30 per serving. She sells the snow cones for \$1.00 each.

Use this cost information to complete the table showing the cost of producing 100, 500, 1000, and 2000 snow cones per week.

NUMBER	FIXED COST	VARIABLE COST (OR LOSS)	INCOME	PROFIT
100	260			
500				
1000				
2000				

BONUS: How many snow cones are needed to be sold to break even?



5. Being a prudent investor in the stock market and using other investment options.

A. What are the advantages and disadvantages of investing in a stock, CD, and savings account?

B. The table below shows the 5-year price performance of several stocks and the price performance for 1995.

HIGH	5-YEAR LOW	STOCK	1995 DIV	HIGH	LOW	LAST	CHANGE
35 1/2	30	ABC, Inc.	0	32 1/2	30 1/2	31	-1/2
83 1/2	54 1/2	TAS	2.40	74 1/4	60 5/8	68 3/4	+4 3/8
10 7/8	6 1/2	TLC	1.00	10 7/8	7	9 1/4	+7/8

1. What was the closing price of TAS in 1995?

2. By how much did the price of ABC Inc. vary during 1995?

3. What was the 1995 dividend on 200 shares of TLC?

6. Beginning a savings program and planning for retirement.

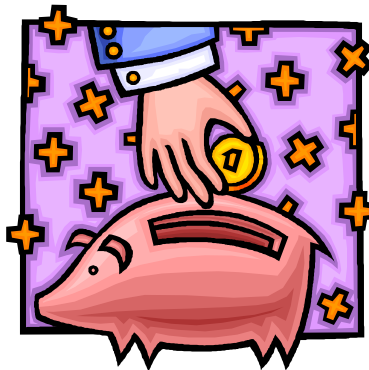
Have students start an imaginary account with \$100 that they “earned” from odd jobs, babysitting, lawn care, allowances, etc. Use simple interest the growth. For each of 12 months of each year add \$5 a month. ($12 \times \$5 = \60).

Example: 1st year $(\$100 + \$60) \times 5\%$ interest = \$168.
2nd year $(\$168 + \$60) \times .05$ interest = ?

1. How much will the investment be worth in 5 years?

2. How much will the investment be worth in 10 years?

3. How much will the investment be worth in 30 years?



7. Bankruptcy

Do the research to find out:

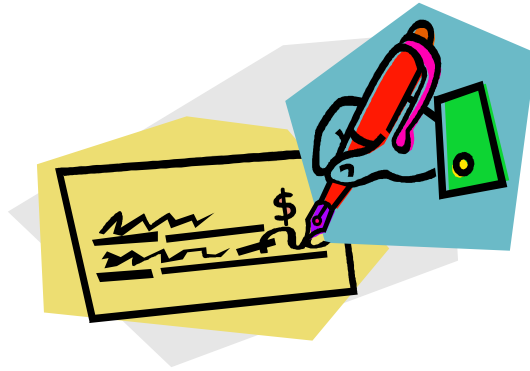
- A.** What is the long term effect of declaring bankruptcy?

- B.** How does declaring bankruptcy affect your credit rating?

8. The types of bank accounts available to consumers and the benefits of maintaining a bank account.

Examine the advantages and disadvantages of these types of accounts:

- a.** Savings account
- b.** Checking account
- c.** Money Market account
- d.** CD (Certificate of Deposit) account



9. Balancing a check book:

Have students fill out paperwork for a checking account and pass out sample check book register and sample bank statement.

Walk students through 4 steps to balance their check book:

- a.** Obtain current balance from bank statement.
- b.** Add any deposits that you have recorded on check register but that are not listed on bank statement.
- c.** Subtract any outstanding checks – that you have written but have not cleared the banking system.
- d.** Compare the resulting balance with the balance in the check register.



10. The types of loans available to consumers and becoming a low-risk borrower.

- A.** Find out the difference between a **short tem loan** for an object such as a car or boat and **a long term loan** which would be a home mortgage.

- B.** In order to develop a good credit rating and become a low-risk borrower you will need to open a charge account, buy something, and pay the balance on time.
 - 1.** How do you find out your credit rating?

 - 2.** How does this rating affect future borrowing?

11. Understanding insurance.

A. What is the difference between **term** and **whole life** insurance?

B. What are the different types of **personal** and **business** insurance?

C. Why would a business owner need insurance?

D. What is **liability** insurance and when is it needed?

12. Charitable giving.

- A. What is the financial benefit of leaving money to a charity when you die?
- B. What are three ways to designate money to a charity from an estate?
- C. What are the two types of charitable trusts?



PRACTICAL EXERCISES

ANSWER KEY

The following exercises support the 12 skill sets listed in the Texas Education Agency chart found on page 10 of this booklet and specific web sites are given for each entry.

Provide these to your local schools as examples of activities to meet the TEA mandate. We recommend that teachers and/or bank volunteers incorporate these exercises in their discussions on financial health, math, or social studies. Each exercise takes about 10 minutes to complete and provides a tangible demonstration of the 12 skill sets.

The exercises were adopted from an out-of-adoption Austin ISD math textbook by Glenda Black and Judy Reinhart who are both members of Alpha Chapter of Delta Kappa Gamma Society International. Glenda, a retired Austin ISD high school math teacher, used this book with her students. Judy, a retired Austin ISD school librarian, works with the IBAT Foundation on this and other projects.

This book, Mathematics of Money with Algebra by Cheryl Clayton was published by South-Western Publishing Co. in 1995. Copies are available from Amazon.com.

1. Understanding interest, avoiding and eliminating credit card debt. (TEA letter A)

Jane has a \$650.00 balance on her MASTER CARD as of January 1. The Finance Charge is 18% a year or $18/12=1.5\%$ a month. She makes monthly payments of 10% of the amount due rounded to the nearest dollar.

In February she adds a purchase of \$63.00; in May, \$141.00; in September, \$106.00; and in December, \$256.00.

Complete the chart below. January's new balance will be February's previous balance.

MONTH	PREVIOUS BALANCE in \$	NEW FINANCE CHARGES in %	CHARGES in %	PAYMENT MADE in \$	NEW BALANCE in \$
January	650	0	10 (9.75)	66	594
February	594	63	10 (9.76)	66	595
March	595	0	9 (8.92)	60	544
April	544	0	8 (8.16)	55	497
May	497	141	10 (9.57)	65	583
June	583	0	9 (8.74)	59	533
July	533	0	8 (7.99)	54	487
August	487	0	7 (7.30)	49	445
September	445	106	8 (8.26)	56	503
October	503	0	8 (7.54)	51	460
November	460	0	7 (6.90)	47	420
December	420	256	10 (10.14)	69	617

How much Finance Charges did she pay for the year? 104

Discuss the advantages and disadvantages of using a credit card.

ADVANTAGES

1. Convenience
2. Accepted and maybe preferred most places.

DISADVANTAGES

1. Convenience, so use it too much.
2. Finance charges if monthly balance is not paid in full.

2. Understanding the rights and responsibilities of renting or buying a home. (TEA letter B)

A. Discuss the advantages and disadvantages of buying an older home verse buying a new home.

OLDER HOME

ADVANTAGES

1. Yard is probably already landscaped with plants, grass, trees, etc.
2. Neighborhood is probably established and utility and telephone services usually work.

NEW HOME

1. Everything is new and clean.
2. It comes with a one year builder's warranty (by law) and may have a 10 year extended warranty.

DISADVANTAGES

1. May need repairs, painting, replacing worn out appliances or an entire electrical system.
2. May need to paint out previous owner's taste in colors inside and/or outside.
3. May need to add central air/heat systems.

1. Everything is new and may not work just right at first.
2. Probably will need to put in lawn and landscape.
3. Start up costs can be very high.

B. Discuss the advantages and disadvantages of renting verse home ownership.

RENTING

ADVANTAGES

1. You'll know the exact monthly cost.
2. You're not tied to one location within the town/city.
3. May not be responsible for yard maintenance.
4. Get to know the neighborhood before deciding to remain in the area.

HOME OWNERSHIP

1. You can decorate any way you want.
2. Improvements are tax advantaged.
3. No one lives above or below you.

DISADVANTAGES

1. No control over rent rising.
2. May have noisy people above, below, or beside you.
3. May have to move if owner wants.

1. Have home maintenance expenses.
2. Have to replace things when they break.
3. Have to maintain outside surfaces and roof.

3. Managing money to make the transition from renting a home to home ownership. (TEA letter C)

- A.** The price of goods and services goes up as time passes which is called inflation. When buying a home inflation must be considered.
1. What will be the value of a house costing a \$100,000 be in 5 years with a 3.3% rate of inflation to the nearest one thousand?
\$117,625
 2. Juan and Maria Rios take out a home mortgage for \$100,000 at 8% interest for 20 years. Their combined gross income is \$2500 per month.
 - i. If the rule of thumb is 2 ½ times annual income, could they afford this purchase? No
 - ii. If no, what can they afford? \$75,000
 3. The rule of thumb for renting is the monthly rent should be no more than 1 week's gross income. John and Sally Smith's combined monthly income is \$4200.
 4. What is the most they can afford in rent? \$1,050
 5. Keeping in mind other monthly expenses such as food, utilities, gas, clothing and entertainment, how much would it be wise for them to spend on rent? Answer will vary
 6. When planning to buy a home the more money you have for a down payment the less money you need to borrow and pay interest on. Down payments range from 5% to 30%.
 - i. What would be the down payment of a \$65,000 home if they plan to pay 25%? \$16,250

4. Starting a small business. (TEA letter D)

Sarah Bright opened a snow cone stand. For \$260 a week, she rents a machine and a small stall near a park. The ingredients and energy to make the snow cones costs her \$0.30 per serving. She sells the snow cones for \$1.00 each.

Use this cost information to complete the table showing the cost of producing 100, 500, 1000, and 2000 snow cones per week.

NUMBER	FIXED COST	VARIABLE COST (OR LOSS)	INCOME	PROFIT
100	260	30	100	-190
500	260	150	500	90
1000	260	300	1000	440
2000	260	600	2000	140

BONUS: How many snow cones are needed to be sold to break even?

338

5. Being a prudent investor in the stock market and using other investment options. (TEA letter E)

A. What are the advantages and disadvantages of investing in a stock, CD, and savings account?

ADVANTAGES

STOCK

1. Price varies up and down
2. Liquid
3. May pay a dividend

CD

1. Guaranteed return on investment

SAVINGS ACCOUNT

1. Very liquid

DISADVANTAGES

1. Commission to buy or sell

1. Not liquid
2. No return if cashed

1. Low rate of return
2. Return varies

B. The table below shows the 5-year price performance of several stocks and the price performance for 1995.

HIGH	5-YEAR LOW	STOCK	1995 DIV	HIGH	LOW	LAST	CHANGE
35 ½	30	ABC, Inc.	0	32 ½	30 ½	31	-1/2
83 ½	54 ½	TAS	2.40	74 ¼	60 5/8	68 ¾	+4 3/8
10 7/8	6 ½	TLC	1.00	10 7/8	7	9 ¼	+7/8

1. What was the closing price of TAS in 1995? 68 3/4
2. By how much did the price of ABC Inc. vary during 1995? 2.00
3. What was the 1995 dividend on 200 shares of TLC? 200

6. Beginning a savings program and planning for retirement. (TEA letter F)

Have students start an imaginary account with \$100 that they “earned” from odd jobs, babysitting, lawn care, allowances, etc. Use simple interest the growth. For each of 12 months of each year add \$5 a month. ($12 \times \$5 = \60).

Example: 1st year ($\$100 + \60) x 5% interest = \$168.
2nd year ($\$168 + \60) x .05 interest =?

1. How much will the investment be worth in 5 years? 475.74
2. How much will the investment be worth in 10 years? 933.66

7. Bankruptcy (TEA Letter G)

A. What is the long term effect of declaring bankruptcy?

Because it is the court of last resort, this option to repair credit should be weighed very carefully. While it pardons debts or reduces debts for individuals in severe financial distress, you will have difficulty getting new credit or loans in the future.

B. How does declaring bankruptcy affect your credit rating?

Declaring bankruptcy puts a blemish on an individual's credit record for 10 years, causing difficulty in obtaining cars, homes, and loans.

It is a notice of public record that may be seen by potential employers, insurance companies, mortgage businesses, and other lenders.

It is a social stigma that can cause feelings of guilt and embarrassment.

8. The types of bank accounts available to consumers and the benefits of maintaining a bank account. (TEA letter H)

Examine the advantages and disadvantages of these types of accounts:

ADVANTAGES

DISADVANTAGES

A. Savings account

1. Can withdraw money easily without a penalty.	1. Money has the lowest rate of return.
2. Money is insured.	2. To obtain cash you need to go to the bank and make the withdrawal.
3. Money has lowest risk.	

B. Checking account

1. Can use a debit card or write a check for almost anything as long as there is money in the account.	1. Possible bank fees.
	2. Have to carry a debit card or checkbook and keep records of account.
	3. Checks not accepted everywhere.

C. Money Market account

1. Earn highest interest rate for savings accounts.	2. Have limited number of checks that can be written to withdraw money.
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D. CD (Certificate of Deposit) account

1. Interest rate higher than savings account.	2. Has a fixed term and rate of return.
	3. Lose interest if money is withdrawn before term is complete.

10. The types of loans available to consumers and becoming a low-risk borrower. (TEA letter J)

- A.** Find out the difference between a short term loan for an object such as a car or boat and a long term loan which would be a home mortgage.

Short-term loan:

Length is usually from a few months to 6 years.

Long-term loan:

Length is generally anything over 10 years, frequently for 30 years.

- B.** In order to develop a good credit rating and become a low-risk borrower you will need to open a charge account, buy something, and pay the balance on time.

- See: www.mindyourfinances.com, click "credit and debt", credit scores/report.

1. How do you find out your credit rating?

- Ask one of the three credit rating agencies for a free credit report once a year, or ask your banker to check it for you.

- List of credit agencies found:

www.mindyourfinances.com/credit-debit/credit-scores-reports/081104-2

2. How does this rating affect future borrowing?

- The better credit rating is seen as a lower risk by the lender, therefore, you are offered a lower interest rate.

11. Understanding insurance. (TEA letter K)

A. What is the difference between term and whole life insurance?

TERM Life insurance provides a pre-set amount of coverage for a fixed premium cost for a fixed term, such as 5, 10, 15 years, with no increase in cash value; where the WHOLE Life insurance extends for the entire life of the insured with a fixed premium cost but the cash value increases on a predetermined rate of return.

B. What are the different types of personal and business insurance?

Personal insurance would be term life, whole life, or person liability insurance.

Business insurance would be sole owner or partnership liability insurance.

C. Why would a business owner need insurance?

The owner of a business needs liability insurance to protect himself and the business assets from being sued.

D. What is liability insurance and when is it needed?

Liability insurance is insurance coverage that protects the insured against injuries you or your product may cause to other people, or damage caused to their property.

It is necessary for businesses and individuals to have for product, personal, automobile, and home owners' protection.

12. Charitable giving. (TEA letter L)

(Answers found at www.360financialliteracy.org; click on Retirement and Estate Planning for the section on charitable giving)

A. What is the financial benefit of leaving money to a charity when you die?

“The full amount of your charitable gift may be deducted from the value of your taxable estate.”

B. What are three ways to designate money to a charity from an estate?

1. Make an outright bequest in your will.
2. Make a charity the beneficiary of an IRA or retirement plan.
3. Use a charitable trust.

C. What are the two types of charitable trusts?

1. Charitable lead trust
2. Charitable remainder trust

Easy To Access: Financial Knowledge

The screenshot shows the IBAT Education Foundation website. At the top left is the IBAT logo, a star with the letters 'IBAT' inside. To its right is the text 'EDUCATION FOUNDATION'. Below this is a navigation menu with links: Home, myIBAT, IBAT Endorsements, Foundation, Leadership, and Contact Us. A secondary navigation bar contains: About Us, Wall of Honor, Legislative / Regulatory Connection, Junior Achievement Project, Foundation Library, History Project, and Events. Below the navigation is a search bar with the word 'search' and a 'Not logged in Login' link.

The main content area features a section titled 'Building Financially Literate Communities' with a 'ShareThis' icon and a 'Printer-friendly Version' link. Below this is a section titled 'Your Community Is Our Community' with a text block: 'Own the history of the first thirty-five years of the Independent Bankers Association of Texas. The purchase of every book supports the IBAT Education Foundation financial education initiatives, teacher scholarships for excellence in teaching financial education. [Order the book online.](#)' To the right of this text is a book cover titled 'Your Community Is Our Community' by Terry Young.

On the left side, there is an 'IBAT News' section with a list of articles: 'Studies On Check & Electronic Payments', 'Consumer Protection Agency in Doubt', 'Why Servicers May Bite Bullet', 'Beware of Charitable Scams', and 'Happy State Bank Wins Bronze'. Below the news section are three photographs: one showing two men in suits, one showing a man in a suit presenting an award to a man in a white shirt, and one showing three women in business attire on a stage.

At the bottom of the main content area is a section titled 'Ken Greer Honored At The IBAT 35th Family Reunion' with a photograph of three men on a stage, one of whom is speaking at a podium. Below this is another photograph showing a man speaking at a podium with an audience in the foreground.

If you do a search on Google for Financial Literacy or Financial Education, you will find more than 1 million sources of information.

The IBAT Education Foundation has created and maintains a comprehensive web-based resource that is simple to access by students, teachers, parents/adults and bankers.

Our goal is to collect the best financial education materials available in one place for a one-stop shop.

Resources for Students

IBAT EDUCATION FOUNDATION

Home myIBAT IBAT Endorsements Foundation Leadership Contact Us

About Us Wall of Honor Legislative / Regulatory Connection Junior Achievement Project Foundation Library History Project Events

search Not logged in Login

Students

ShareThis Printer-friendly Version

Upper Elementary	Middle School	High School
<p>www.fdic.gov/about/learn/learning/index.html Learning Bank is set up to teach and entertain children, teachers and parents.</p> <p>Kids.gov Money</p> <p>Operation Respect Based on the book, Don't Laugh at Me.</p> <p>Department of the Treasury for Kids</p> <p>HandsOnBanking.org Provides money skills you need for life.</p> <p>Federal Reserve for Kids Test your knowledge of the Federal Reserve System.</p> <p>Commerce WoW Zone Teaches children the value of money through reading stories and playing games and teaches teens about the stock market.</p> <p>Bankingonourfuture.org Learning program for 4th-5th grades, 6th-8th grades, and high school & adults about banking basics, saving & checking accounts, budgeting, credit, and investing.</p> <p>Banking Kids - "Teaching financial literacy to kids"</p> <p>Kidsbank.com A fun place for children to learn about money and banking.</p>	<p>www.fdic.gov/about/learn/learning/index.html Learning Bank is set up to teach and entertain children, teachers and parents.</p> <p>Kids.gov Money</p> <p>www.themint.org This site designed to help students understand basic economics and money management through fun financial activities.</p> <p>Operation Respect Based on the book, Don't Laugh at Me.</p> <p>HandsOnBanking.org Provides money skills you need for life.</p> <p>Federal Reserve for Kids Test your knowledge of the Federal Reserve System.</p> <p>Mind Your Own Business Where you can find ways to turn your entrepreneurial dreams into reality.</p> <p>U.S. SBA Teen Business Where you can check out the world of small business ownership, how to start it, grow it, and own it.</p> <p>Commerce WoW Zone Teaches children the value of money through reading stories and playing games and teaches teens about the stock market.</p>	<p>The Card Game: The Deal With Overdrafts</p> <p>www.feedthepig.org/about This website will remind you to feed your piggy bank using fun tools, a quiz, tons of tips and other resources.</p> <p>Kids.gov Money</p> <p>www.themint.org This site designed to help students understand basic economics and money management through fun financial activities.</p> <p>www.valueyourmoney.org</p> <p>Smart About Money</p> <p>Check out the NEW Junior Achievement BIZ KIDS Initiative!</p> <p>360 Degrees of Financial Literacy</p> <p>Operation Respect Based on the book, Don't Laugh at Me.</p> <p>EscapeFromKnab.com</p> <p>MyMoney.gov</p> <p>Understand more about your money: how to save it, invest it, and manage it to meet your personal goals. Spanish version here.</p> <p>Money Management For Teens</p>

IBAT News

- Studies On Check & Electronic Payments
- Consumer Protection Agency in Doubt
- Why Servicers May Bite Bullet
- Beware of Charitable Scams
- Happy State Bank Wins Bronze

Financial Knowledge is our quest.

We have archived our financial education resources by grade level:

upper elementary

middle school

high school

Click on the age specific group you are researching and scroll down the list under each of these headings to find programs of interest.

Resources for Teachers

The screenshot shows the IBAT Education Foundation website. The header features the IBAT logo and the text "EDUCATION FOUNDATION". Navigation links include Home, myIBAT, IBAT Endorsements, Foundation, Leadership, and Contact Us. A secondary navigation bar lists About Us, Wall of Honor, Legislative / Regulatory Connection, Junior Achievement Project, Foundation Library, History Project, and Events. A search bar is located below the navigation. The main content area is titled "Teachers" and includes a "ShareThis" button and a "Printer-friendly Version" link. There are two columns of content: "Resources" and "Articles".

IBAT Education Foundation

Home myIBAT IBAT Endorsements Foundation Leadership Contact Us

About Us Wall of Honor Legislative / Regulatory Connection Junior Achievement Project Foundation Library History Project Events

search Not logged in Login

Teachers

ShareThis Printer-friendly Version

Resources

Here is a great site for information and a quiz for your students about money. <http://www.wdfl.org/yymm/kids/history/quiz.asp>

www.fdic.gov/about/learn/learning/index.html
Learning Bank is set up to teach and entertain children, teachers and parents.

Education World
A site for mathematics games and lesson plans for teachers.

The Card Game: The Deal With Overdrafts

Building Your Future
One free copy of teacher's and student's editions available through October 2009. This material helps students grasp the essentials of personal finance, offers opportunities to practice core skills and showcases the real-world impact of the financial decisions they make.

www.feedthepig.org/about
This website will remind you to feed your piggy bank using fun tools, a quiz, tons of tips and other resources.

Foundation for Financial Literacy

Texas Saves - See their Personal Wealth Estimator!

Texas Jump Start - Financial smarts for students

[Kids.gov Money](http://Kids.gov/Money)

www.themint.org
Provides tips and activities to help you teach 6-12 graders how to manage money wisely.

Articles

New Book Cures the Debt Disease, Not Just Its Symptoms

Federal Citizen Information Center: Articles on Money, Credit, Investing, and Savings

Simple quiz for April's Financial Literacy Month - [read](#)

The Women's Institute for a Secure Retirement - [read](#)

Your First Year of Retirement - Do You Know how Much You'll be Able to Spend? - [read](#)

IBAT News

- Studies On Check & Electronic Payments
- Consumer Protection Agency in Doubt
- Why Servicers May Bite Bullet
- Beware of Charitable Scams
- Happy State Bank Wins Bronze

Teachers are often asked to provide educational case studies. Under the "Teacher Resources" we have a variety of subjects and course outlines ready to go. Our goal is to make it easy for a teacher to find the tools he/she needs to provide coursework on financial literacy.

Resources for Bankers

IBAT EDUCATION FOUNDATION

Home myIBAT IBAT Endorsements Foundation Leadership Contact Us

About Us Wall of Honor Legislative / Regulatory Connection Junior Achievement Project Foundation Library History Project Events

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Bankers

ShareThis [Printer-friendly Version](#)

Resources

NEFE, National Endowment for Financial Education: <http://www.nefe.org>

America Saves: <http://www.americasaves.org>

Texas Saves - See their Personal Wealth Estimator!

Family, Career and Community Leaders of America: <http://www.fcclainc.org>

Government Resources

www.ftc.gov Federal Trade Commission - Tim Muris, Chairman

www.fdic.gov "A Special Guide for Young Adults: Taking Care of Your Finances" Spring 2005

FDIC Money Smart Financial Education Curriculum
New Self-Paced Computer-Based Instruction (CBI) Version

www.ots.treas.gov Office of Thrift Supervision - James Gilleran, Director

www.ssa.gov Social Security Administration - Jo Anne Barnhart, Commissioner

www.ncua.gov National Credit Union Administration - Dennis Dollar, Chairman

www.sec.gov Security and Exchange Commission - Cynthia Glassman, Commissioner

Reports/Speeches

The Texas Education Agency has approved the IBAT Education Foundation web site as a provider of approved materials for the fall 2006 Semester. [read](#)

Taking Ownership of the Future: The National Strategy for Financial Literacy - [read PDF](#)

[Kids Must Learn Finances](#)

Article - Survey Shows Consumers Do Not Know What Constitutes Comprehensive Financial Planning [read](#)

Minutes of the Financial Literacy & Education Commission's meetings - [read](#)

[Call for Bankers Best Practices](#) - How Your Bank Supports Financial Education.


[Report](#) - Basic economic skills sorely lacking among US students ignorant of life 101 skills

IBAT News

- [Studies On Check & Electronic Payments](#)
- [Consumer Protection Agency in Doubt](#)
- [Why Servicers May Bite Bullet](#)
- [Beware of Charitable Scams](#)
- [Happy State Bank Wins Bronze](#)

Bankers are often asked to speak on financial education to civic groups and schools. This easy to access page provides a variety of resources to help build into your presentation. In addition, bankers may go to www.ibat.org and review the "Learning" key to review seminars and banking schools available for industry wide training.

Resources for Parents/Adults



Home myIBAT IBAT Endorsements Foundation Leadership Contact Us

About Us Wall of Honor Legislative / Regulatory Connection Junior Achievement Project Foundation Library History Project Events

search Not logged in Login

Parents / Adults

ShareThis Printer-friendly Version

Resources

Go to www.Giveme20.com to teach your kids the true meaning of money.

www.fdic.gov/about/learn/learning/index.html
Learning Bank is set up to teach and entertain children, teachers and parents.

Are your kids financially fit? Take this money quiz for parents at www.schwabmoneywise.com/kids/activities/money-quiz.php.

Here is a great site for information and a quiz for your students about money: <http://www.wdfl.org/yymm/>.

The Card Game: The Deal With Overdrafts

www.feedthepig.org/about
This website will remind you to feed your piggy bank using fun tools, a quiz, tons of tips and other resources.

www.valueyourmoney.org

Get Out of Debt - Reader's Digest

"Ways to Save" - Reader's Digest

Smart About Money

www.themint.org
Provides tips and tools you need to help your child learn about money management.

Articles

Eight Ways to Craft a Rich Legacy for Your Kids

New Book Cures the Debt Disease, Not Just Its Symptoms

Your First Year of Retirement - Do You Know how Much You'll be Able to Spend? [read](#)

Help Students Establish Responsible Credit Habits

Tips for Teaching Kids About Financial Independence - [read article](#) or [PDF](#)

Simple quiz for April's Financial Literacy Month - [read](#)

ID Theft & Online Investors - [read](#)



Investor Education Headlines This Week: Playing Nest Egg Catch Up - [read](#)

Saving & Investing: When, Why & How - [read](#)

New "One-Stop" Online Aid for Investors Help for Investors - [read](#)

The Women's Institute for a Secure Retirement - [read](#)

Financial Ignorance Has a High Price for Women - [read](#)



IBAT News

- Studies On Check & Electronic Payments
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- Beware of Charitable Scams
- Happy State Bank Wins Bronze

Adults need financial education too. The resources under the Parent/Adult section are written to an adult-level of understanding of business. Some of these resources are specifically for adults, and some are for adults who are teaching families of all ages about finance.

Resources for Consumers

The screenshot shows the IBAT Education Foundation website. The top navigation bar includes links for Home, myIBAT, IBAT Endorsements, Foundation, Leadership, and Contact Us. Below this is a secondary navigation bar with links for About Us, Wall of Honor, Legislative / Regulatory Connection, Junior Achievement Project, Foundation Library, History Project, and Events. A search bar and a 'Not logged in Login' link are also present.

The main content area is titled 'Consumer Center' and features a 'ShareThis' button and a 'Printer-friendly Version' link. The text reads: 'Thank you for your patronage!' followed by 'IBAT's Consumer Tips'. A sub-section titled 'Fannie Mae Foundation' includes a link to 'Innovations in Personal Finance for the Unbanked: Emerging Practices from the Field'.

Other sections include 'FDIC Press Release' (FDIC Launches Study to Identify Alternatives to Payday Loans), 'From Brookings' (Banking on Wealth: America's New Retail Banking Infrastructure and Its Wealth-Building Potential), 'Eight Ways to Craft a Rich Legacy for Your Kids', 'Consumer Protection News' (Writing a Check and Understanding Your Rights), 'Investing for success (English)', 'Investing for success (Spanish)', 'Banking Education Materials (Bankis.com)', and 'ID Theft - Powerpoint presentation'. The ID Theft section mentions that the IBAT Education Foundation received great news recently regarding CRA consideration for volunteer time contributions and investment credit.

On the left side, there is an 'IBAT News' section with a list of articles: 'Studies On Check & Electronic Payments', 'Consumer Protection Agency in Doubt', 'Why Servicers May Bite Bullet', 'Beware of Charitable Scams', and 'Happy State Bank Wins Bronze'.

The Independent Bankers Association of Texas (IBAT) provides newspapers across the state with a monthly column on financial education called "Consumer Tips."

This site contains an archive of our many monthly columns compiled and written by Mae Beth Palone. These may be reprinted at no cost.