



Introduction to Financial Literacy

Session Goals



YOU FOR YOUTH



- Define financial literacy.
- Review the five basic concepts of financial literacy.
- Understand the benefits and importance of financial literacy.
- Explore examples of activities associated with each financial literacy concept.



Financial Literacy Is.....

The ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security.





Financial Literacy Concepts



Earning	
Spending	
Credit and Debit	
Insuring	
Saving and Investing	



Financial Literacy Concepts

Think about how financial literacy programming might benefit your program and the community you serve.



Earning	Thinking about the money that comes in (inputs) via work, chores, etc.
Spending	Planning for the money that goes out (outputs) for day-to-day necessities, optional purchases, etc.
Credit and Debit	Considering appropriate and inappropriate uses of credit cards, loans, and other types of debt, as well as managing credit.
Insuring	Anticipating and preparing for future needs in the event of losses or unexpected events (i.e., by purchasing car insurance, health insurance, property insurance and/or life insurance).
Saving and Investing	Building financial resources for the future for specific short-, mid-, and long-term goals.



Importance of Financial Literacy



- Promotes the financial well-being of individuals and families.
- Enables students and adults in the community to make informed financial decisions and plan for unexpected financial hardships.
- Helps participants with financial goal-setting for the future.
- Encourages participants to engage in savings activities, and teaches them tips for building a budget that works to meet their long- or short-term goals.
- Can help support school-day instruction or align with financial education standards.



Implementing Financial Literacy Concepts



Earning

Spending

Credit &
Debit

Insuring

Saving &
Investing



Earning

This concept can include...

- Identifying various potential income sources for students and adults.
- Understanding paycheck tax withholdings, Medicare and Social Security.
- Reviewing workplace benefits and how they're valued within a total compensation package:
 - Retirement savings
 - Health benefits
 - Life insurance
 - Tuition reimbursements



Earning: Activity Example



YOU FOR YOUTH



- Identify and explain information found on example paystubs. Explore how withholdings, Social Security and Medicare figures are calculated.
- Create job offer scenarios where students or adult participants are given salary information and must calculate retirement, health and other benefits to determine their preferred compensation package.

Spending



YOU FOR YOUTH



This concept can include...

- Learning budget creation and management.
- Recognizing how personal background and experiences can impact how someone distinguishes between needs and wants.



Spending: Activity Example



Part 1

List any 15 items or services that you plan to spend on within the next month. For example:

- Eating out
- Water bill
- Morning coffee
- Movies

Give each item an estimated cost, and add up the total.



Spending: Activity Example



Part 2

Now, assume that your *actual* spending budget will be half of your *estimated* expense total. For example:

- If the estimated cost for the items on your list totaled \$100, you now have a budget of \$50.

Identify each item on your list as a *need* or a *want*. Then decide what you'll sacrifice, or what you'll do to reduce the cost of your items to fit within your new spending budget.



Credit and Debt

This concept can include...

- Borrowing money:
 - Mortgage
 - Auto purchase
 - Loans
- Building credit history:
 - Positive use of credit
 - Credit rating
 - Misuse of credit





Credit and Debt: Activity Example



- Real-world scenarios. For example:
 - Loan scenarios where students calculate fees associated with borrowing
- Have students explore sample credit reports and identify good and bad credit habits.



Insuring



Concepts can include...

- Insurance plans:
 - Health insurance
 - Car insurance
 - Homeowners or renters insurance
- Identifying scams.



Insuring: Activity Examples



- Create scenarios that help walk students and adult participants through processes associated with various types of insurance. For example:
 - What are the steps for using car insurance after an accident?
- Have participants review sample insurance policies and quotes.

Saving and Investing



YOU FOR YOUTH

This concept can include...

- Start saving early.
- Building savings into your personal budget.
- Incorporate a regular schedule for saving.
- Pay yourself first.
- Track savings and contributions.





Saving & Investing: Activity Examples



- Have participants look through sales ads from various stores and calculate savings. Then, have participants investigate the ads themselves to look for misleading offers, costs of ownership, more affordable deals on certain products, etc.
- Discuss elements that might impact the stock market pricing and investment behavior (e.g., mergers, commercials and social media).

Next Steps



YOU FOR YOUTH



Think About It

What are some activity ideas discussed today that might be beneficial for your program?