Take it to the Bank: Buying Power

Instructor’s Manual
Activity 1: Compare Costs and Options
20 minutes

Start the activity with introductions.

Tell the girls your name. Put on a name tag.

Let each girl introduce herself and fill out a name tag. Collect the backings to the name tags.

Tell the girls – A little bit about what a CPA is, and why you became one. Was becoming a CPA your dream job or did you choose it because it was a more practical career? Share your story with the girls. Give the girls at least three things a CPA does.
The girls will use this information to fill in questions on page 4 of their workbook.

Ask the girls—is there something that you hope to buy one day?
This should be a larger purchase that they will buy themselves. Some examples include a cell phone, a car, a trip abroad, or a future house.

Ask the group – What features of this big ticket item are most important to you?
Example: With a cell phone, is it important for them to have the latest model, does it need to have a good camera or voice controls? For a car, does it need to be a specific made and model, or is having a newer car with lower mileage more important? With a house, are they flexible on the number of bedrooms and bathrooms, but not on location?
The girls will fill this out on page 4 of their activity sheet.

Ask the girls—Would you be willing to give up one of your important features if you found a slightly different option available for less?
Example: How practical are they willing to be? Will they consider a less expensive phone with a smaller service provider (such as Cricket instead of Verizon), a used car over a brand new one, a house with 1 ½ baths instead of 2.
Have the girls answer this question on page 5 of their workbooks.

Ask the girls—Does anyone know what comparison shopping is?
Answer: to shop at more than one place to compare the price of a product
Have the girls fill this out on page 5 of their workbooks.

Ask the girls—What are some ways you can comparison shop?
Examples: Go to multiple stores, check sales flyers, compare prices online, ask friends and family.
Have the girls write down three ways they can comparison shop in their workbook on page 5.
Tell the girls— While comparing the price of your goal, you should also do some addition research. What are three questions you should ask and find the answers to before you make the final purchase?

**Examples:** How long does this product last, is there a warrantee, are there going to be extra/additional costs to get the most out of my purchase, are payment plans available?

*Have the girls write three questions down in page 5 of their workbooks.*

Ask the girls—Where can you find the answers to these questions?

**Examples:** Doing online research, asking the sales people, asking people who have bought this item before, reading the fine print of advertisements, checking the products official website if it has one, looking for consumer reviews in magazines or online.

*Have the girls write this down on page 6 of their workbooks.*
Activity 2: Saving for My Goal
20 minutes

Ask the girls—Does anyone know what income is? **Income:** money received over a period of time. Let them know that you may have a weekly income, a monthly income, a yearly income, etc. **Have them record this on page 7 of their workbooks.**

Ask the girls—What is your monthly income? This could be money they receive as an allowance, from doing additional chores, an after school job, babysitting, etc. Tell them it’s ok if the number is zero. **Have them record this on page 7 of their workbooks.**

Ask the girls—Do you have monthly expenses? This could be anything that they pay regularly every month. Some examples might include contributing to their cell phone bill, paying for lunch, or trips on public transportation to see their friends. Many girls may not have regular monthly expenses. **Have the girls record this on page 7 of their workbooks.**

Ask the girls—How much will your goal costs? **Examples:** $200 for a new phone with a monthly contract, $20,000 for a new car, $5,000 for a used car, $100,000 or more for a house or condo, $20,000 a year or more for college. **Have the girls record this on page 7 of their workbooks.**

Ask the girls—Does anyone know what a savings plan is? **Answer:** Figuring out how much money to regularly put aside so you can reach a financial goal. In this case, the savings goal is their large item purchase. **Have the girls write this down on page 7 of their workbooks.**

Ask the girls—What’s your personal savings plan look like? Help them figure out monthly income minus monthly expenses for a figure they can put into savings. You can explain to them that they don’t have to put the whole amount into savings. **Have the girls record this on page 7 of their workbooks.**

Ask the girls—How long can a savings plan last? What are these different time-frames called? **Answer:** **Short-Term Savings Plan:** lasts approximately for a few months **Medium-Term Savings Plan:** lasts approximately a year **Long-Term Savings Plan:** lasts several years **Have the girls record these answers on page 7 of their workbooks.**
Ask the girls—How long will it take to reach your savings goal? Help them calculate how long they will save to reach their goal. 
Have them record this on page 7 of their workbooks.

Ask the girls—Is your plan a short- medium- or long-term savings plan? 
Have them record the answer on page 8 of their workbooks.

Tell the girls—One way to save faster is to lower your expenses so you can put more of your income towards your goal. 
Ask the girls—What are three ways you could lower your expenses, if you have any? 
Examples: cut back on buying prepared food and make it instead, cut back on entertainment spending like movie tickets or buying songs on iTunes, cut back on impulse buys by asking yourself “do I really need this?” before every purchase, stay in and have friends come over rather than going out. 
Have them record three ways they can lower their spending on page 8 of their workbooks.

Tell the girls—Another way to save faster is by increasing your income. What are some ways you can earn extra money? 
Examples: do extra chores to get a higher allowance, see if you can do any errands or chores for your neighbors for a small fee, get an afterschool job or offer to work more hours at it, put money you receive for holidays or your birthday into your savings account. 
Have the girls record three ways they can increase their income on page 8 of their workbooks.

Tell the girls—Many people put their savings into a savings account. Does anyone know of any other way to store your money while saving for your goal? 
Examples: Checking account, a CD, invest the money, treasuries bill, bonds
Activity 3: Calculate the Costs
20 Minutes

Ask the girls—Does anyone know what a down payment is?
**Down Payment**: A percent, usually 20%, of the total cost of an expensive product, given at the time of purchase.
*Have the girls write this down in their workbooks on page 10.*

Ask the girls—The rest of the balance for the item, the total cost of it minus your down payment, still needs to get paid. Does anyone know what a loan is?
**Loan**: A loan is when someone borrows the difference between how much you had (your down payment), and the total cost of the item.
*Have the girls record this on page 10 of their workbooks.*

Ask the girls—If your down payment is bigger than 20%, will the balance you need to get a loan for be bigger or smaller?
You may need to provide an example to help illustrate how this works.
*Have the girls record the answer on page 10 of their workbooks.*

Ask the girls—Loans usually have something called an interest rate. Does anyone know what an interest rate is?
**Interest**: A fee banks (or other money lenders) charge for letting you borrow money.
*Have the girls record this on page 10 of their workbooks.*

Ask the girls—After buying your large-ticket item, will your item have additional costs?
**Examples**: Gas and repair costs for a car, monthly bill for cell phone service in addition to the cost of the phone, property taxes and home repair costs for a house.
*Have the girls record this on page 10 of their workbooks.*
Activity 4: Painting Pigs

Remaining time

A sample of the Senior workbook follows.
Take it to the Bank: Buying Power
Welcome!

Today you’re going to learn about saving for a big purchase.

Be sure to complete this workbook. You can take it home with you to remember what you’ve learned.
Activity 1:
Compare Costs and Options

1. CPA stands for:___________________________________________________________

2. Three things a CPA does are:
   
   1. ______________________________________________________________________

   2. ______________________________________________________________________

   3. ______________________________________________________________________

3. Someday, my goal is to buy a _________________________________________________

4. These three features are most important to me:

   1. ______________________________________________________________________
2. ____________________________________________________________________________

3. ____________________________________________________________________________

5. Would I be willing to buy something that didn’t include one of my important features if it was less expensive? (Circle one) Yes No

6. Comparison shopping is _______________________________________________________

7. Three ways I could comparison shop for my purchase are:
   i. __________________________________________________________________________

   ii. __________________________________________________________________________

   iii. __________________________________________________________________________
8. In addition to comparison shopping, I should do my research. I want to know the answer to the following questions before I make my purchase:

i. __________________________________________________________________________

ii. __________________________________________________________________________

iii. __________________________________________________________________________

9. I will find answers to my questions by __________________________________________

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________
Activity 2
Saving for My Goal

1. Income is ______________________________________________________________

2. My monthly income is ____________________________

3. My monthly expenses are _______________________________________________

4. My goal costs _________________________________________________________

5. A savings plan is _______________________________________________________

6. I spend about this much on expenses each month $________________________

7. I can put about this much aside each month to go towards my goal $__________

   (Income $______________ - Expenses $______________ = Savings $__________)

8. A short-term savings plan lasts about _______________________________________

9. A medium-term savings plan lasts about _____________________________________

10. A long-term savings plan lasts about _______________________________________

11. It will take me ________________ months to reach my savings goal.

   (Goal cost $____________________ ÷ monthly savings $________________ = total months ________________)
12. This is a short-term medium-term long-term savings plan. (Circle one)

13. I can lower my expenses by:
   i. ____________________________________________________________________________
      ____________________________________________________________________________
   ii. __________________________________________________________________________
      __________________________________________________________________________
   iii. __________________________________________________________________________
      __________________________________________________________________________

14. I can increase my income by:
   a. __________________________________________________________________________
      __________________________________________________________________________
   b. __________________________________________________________________________
      __________________________________________________________________________
   c. __________________________________________________________________________
15. Other ways I can store my savings other than in a savings account include __________

____________________________________________________________________________________

____________________________________________________________________________________

____________________________________________________________________________________
Activity 3
Calculate the Costs

1. A down payment is ____________________________________________________________

2. Will I need to get a loan for my purchase? (Circle one) Yes No

3. A loan is _________________________________________________________________

4. The bigger my down payment, the smaller larger my loan will be. (Circle one)

5. Interest is ________________________________________________________________

6. Will there be extra expenses for my purchase? (Circle one) Yes No

7. Extra expenses or charges might include _______________________________________

________________________________________________________________________