

Life Events

Lesson 7: Student Activities | Hall of Fame: Ages 18+

FINANCIAL FOOTBALL

Planning Routes for Life Events

Each phase of life brings its own unique adventures requiring complex decision-making. This 45-minute module will help build your financial awareness and skills so you can navigate the challenges and opportunities life presents.

Getting Game-Ready: In a rush of action on the field, players have to rely on their personal skills and training from their coaches to make on-the-spot decisions. In the process of even the simplest play, unexpected events can completely change the game. A blitz, an audible, or a fumble can easily shift the outcome.

Just like players on the field, we can't predict everything that our future will bring, but we can focus our energy and time on learning strategies and insights to make informed decisions. With each step we take to become better prepared mentally and financially, we can improve our ability to successfully manage major life events.

Module Level: Hall of Fame, Ages 18+

Subjects: Economics, Math, Finance, Consumer Sciences, Life Skills

Materials: Facilitators may print and photocopy handouts and quizzes for you, and direct you to the online resources below.

- **Pre- and Post-Test questions:** Answer five questions before completing the Life Events activities to see how much you already know about the topic. After you've finished all the activities with your teacher and classmates, try taking the quiz again to see how your understanding has grown.
- **Practical Money Skills Life Events resources:** practicalmoneyskills.com/ff50
- **Life Event Action Plan handouts:** (One for each life event): Using the research tools, brainstorm and create action plans for life events such as buying a car and building an emergency fund.
- **Glossary of Terms:** Learn basic financial concepts with this list of terms.

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Learning Objectives

- Identify personal financial goals
- Examine strategies for handling a variety of life events
- Make informed financial decisions by comparing options, benefits, costs, and potential risks
- Create an action plan for navigating life events such as buying a car, going to college, or choosing housing
- Discover ways to plan for unexpected financial decisions and expenses

Key Terms and Concepts

Before you start the lesson, review the key terms and concepts below. The answers to each Life Events question will get you prepped and game-ready.

What steps can I take to make informed financial decisions?

Each phase of life brings exciting choices and unique challenges. When it comes to managing your money, you can make better decisions when you're well informed.

How can I prepare for unexpected expenses?

Unexpected events can take a lasting toll on your financial security. While you can't predict what experiences you will encounter in life, there are steps you can take to prepare for the unexpected. A job loss or an expensive car repair bill will be much more manageable if you've created a financial security net to fall back on. There are three key areas to consider when planning for the unexpected: emergency funds, insurance, and your overall budget.

How can I navigate complex financial decisions for buying a car? Going to college? Finding housing?

Life is full of exciting milestones and complex decisions. Whether you're buying your first car, heading off to college, or finding a new home; it's important to understand the potential impact on your finances. By examining costs, considering options, and planning ahead; you'll be better prepared to make decisions to help you reach your goals. Here are some of the events that will be covered.

- **Going to college.** Heading off to college means a lot of new experiences — taking classes, living independently for the first time, and managing expenses for tuition, housing, food, books, and more. Creating a spending plan can help things go smoothly.
- **Buying a car.** Get ready to hit the road by looking at the costs of buying and maintaining a car. Looking at the numbers will help you avoid sending your budget into overdrive.
- **Housing.** Looking to rent an apartment? Or maybe even to buy a house? There are a few key things you need to know before you do. The housing market is highly competitive, fast-moving, and ever-changing. Exploring the ins and outs of renting and buying now can prepare you for opportunities when they arise.



Did You Know?

Most new cars lose around 20% of their value within the first year of ownership.¹

Learning Objectives, cont.

- **Landing a job.** Whether you're looking for your first job or just searching for a new opportunity, there are some key things to consider. It's important to think about your interests, skills, and financial goals.
- **Health care.** Taking care of your health is an essential expense you can't forgo. Understanding your options is a crucial part of getting covered.
- **Family life.** Each stage of family life can present different challenges and rewards: Heading out on vacation? Getting a new pet? Figuring out entertainment for the month? Get prepared by planning ahead.
- **Retirement.** It's never too early to plan ahead and start saving for retirement. To get the most out of your retirement savings, you'll want to start planning and saving at an early age. If you are starting your retirement savings early, you can afford to be aggressive and put money into riskier funds. Even if your funds lose value, you will still have time to grow them. It's important to plan where you want to be and how you're going to get there.
- **Handling the unexpected.** While we can't predict what will happen in our future, we can prepare for the unexpected. Financial security is essential to successfully managing major life events, and that means planning for an emergency fund and thinking about insurance.



Did You Know?

Some landlords subscribe to credit-building services that report on-time rent payments to Experian RentBureau, which can build a tenant's credit history.²



Did You Know?

You can open a bank account with a parent if you're a teenager.



Did You Know?

A healthy diet and regular exercise could save you money on health care in the future.



Did You Know?

The estimated cost of raising a child from birth to age 17 is over \$233,610 for a child born in 2015.³



Did You Know?

Your parents' private health insurance can cover you until you turn 26, even if you don't live at home.⁴

¹Carfax.com

²Experian

³U.S. Department of Agriculture (USDA) 2015 Expenditures on Children by Families report, also known as "The Cost of Raising a Child."

⁴HealthCare.gov

Student Activities

- > Life Events Pre- and Post-Test
- > Going to College Action Plan handout
- > Buying a Car Action Plan handout
- > Housing Action Plan handout
- > Landing a Job Action Plan handout
- > Health Care Action Plan handout
- > Family Life Action Plan handout
- > Retirement Action Plan handout
- > Handling the Unexpected Action Plan handout

Life Events Pre- and Post-Test

Student Name: _____

Directions: Answer the questions with the most appropriate answer, noting a, b, c, d or filling in the blank.

1. What are some common expenses for students?

2. A car owner is NOT responsible for:

- a. License plates
- b. Proof of health insurance
- c. A driver's license
- d. Annual vehicle registration

3. A _____ can help you find a new job.

- a. Strong professional network
- b. Resume
- c. Professional online presence
- d. All of the above

4. Copays and deductibles are:

- a. Paid by the insurance company
- b. Paid by the hospital
- c. Paid by the person who is insured
- d. Paid by physicians

5. If I save \$2,000 this summer and invest it in the stock market, where it earns 9% interest, how long until my original investment is worth \$4,000?

- a. 2 years
- b. 8 years
- c. 22 years
- d. There is no way to tell

Action Plan: Going to College

Heading off to college means a lot of new experiences — taking classes, living independently for the first time, and managing expenses for tuition, housing, food, books, and more. Creating a spending plan can help things go smoothly. Answer the questions below after researching the costs of going to college at the links provided.

Directions: Before you answer the questions in this activity, review visit the Practical Money Skills website to learn more about preparing to go to college.

Set Your Sights

What are the three general types of post-secondary schools?

Research college types: Going to College practicalmoneyskills.com/ff51

Which appeal to you most and why?

Consider SMART (Specific, Measurable, Attainable, Relevant, Time-Related) goals: Saving Basics
practicalmoneyskills.com/ff52

Prepare Financially

How do I prepare for the college admissions process?

Choosing the path that is the right fit for you is a process that begins in your first year of high school. The U.S. Department of Education compiled a grade-level-specific checklist of recommended tasks. Review the tasks for your current grade level and, if you have time, future grade levels. As an option, add each task to a calendar, such as the calendar on your phone or school planner.

- 9th grade checklist: studentaid.ed.gov/sa/prepare-for-college/checklists/9th-grade
- 10th grade checklist: studentaid.ed.gov/sa/prepare-for-college/checklists/10th-grade
- 11th grade checklist: studentaid.ed.gov/sa/prepare-for-college/checklists/11th-grade
- 12th grade checklist: studentaid.ed.gov/sa/prepare-for-college/checklists/12th-grade

Action Plan: Going to College, cont.

How much will school cost and what are my aid options?

The published price for college is rarely the price you pay. Many students receive grants or scholarships; however, they won't know what the price will be until they receive financial award letters. According to the College Board, the average tuition and fees for the 2018–2019 school year were \$35,830 at private colleges, \$10,230 for state residents at public colleges, and \$26,290 for out-of-state residents attending public universities. These costs do not include room and board.

Before selecting colleges you want to apply to, explore costs of a number of factors including tuition, using the U.S. Department of Education's College Scorecard tool to identify five affordable college options: collegescorecard.ed.gov

In order to receive financial aid for college, students will need to apply each year online at fafsa.ed.gov, which provides loans for almost all two- and four-year colleges, universities, and career schools in the country. The amount of aid you receive may vary from one year to the next.

Remember that not everyone who applies receives aid. Grants and loan packages are awarded according to your income and the tuition of the school you're applying to. You can estimate how much aid you might be eligible for by using the federal government's Student Aid Eligibility calculator (studentaid.ed.gov/sa/fafsa/estimate).

When it comes to financial aid, you have two main options:

- **Scholarships and merit-based aid.** Did you get good grades in high school? That will help when you apply for scholarships and merit-based aid. Even if the answer is no, there are still plenty of opportunities — you'd be amazed at the sheer variety of scholarships out there. Do your research — there's money waiting for you depending on where you were born, what your career goals are, and what extracurricular activities you've been involved in.
- **Student loans and need-based aid.** If you're not eligible for scholarships or merit-based aid (or if these don't cover the whole bill), there are other options. Find out how much need-based aid you're eligible for through your school or through a lender. If that's not enough, other institutions also offer financial assistance, though they may use different formulas with different results.

Be sure you understand your loan repayment responsibilities before accepting financial aid. If it's a grant, it doesn't have to be repaid. Loans do have to be repaid with interest upon graduation. If you're going to go that route, shop around for a good interest rate — you'd be surprised how much difference a couple of percentage points make over time. To find out just how much, explore your options using the Repaying Student Loans calculator.

Federal Financial Aid

The William D. Ford Federal Direct Loan Program is the sole government-backed loan program in the United

Action Plan: Going to College, cont.

States. Also known as Stafford Loans, these provide funding directly to students and their parents or guardians in two general varieties:

- **Subsidized.** Available only to undergraduate students. Eligibility is based on demonstrated financial need. The federal government pays the interest while you are in school on at least a half-time basis.
- **Unsubsidized.** Available to undergraduate and graduate students. Eligibility is not based on financial need and the borrower is responsible for paying all the interest.

Federal Perkins Loans

The Federal Perkins loan is a campus-based loan program, awarded by the college or university's financial aid office to undergraduate and graduate students with exceptional financial need. The interest rate on the Federal Perkins loan is fixed at 5%.

PLUS Loans

As its name suggests, the federal Parent Loan for Undergraduate Students (PLUS) loans are loans that parents can take out on behalf of a dependent undergraduate child who is enrolled at least half-time at an eligible school. The child must meet general eligibility requirements for federal student aid. These loans can also be taken by graduate or professional students to supplement other financial aid packages. The loan amount is the total cost of attendance minus the borrower's total financial aid package. For example, if tuition costs \$30,000 per year and the student is receiving \$25,000 from other sources, the maximum PLUS loan would be \$5,000.

Loan Limits

Most student loans have several types of limits on the amount you can borrow:

- Annual loan limits determine the maximum amount you can borrow in a single academic year.
- Aggregate loan limits, sometimes called cumulative limits, describe the total amount you are allowed to borrow during your academic career.
- Cost of attendance (COA) limits specify that the loan amount must be less than the school's official cost of attendance minus other financial aid received.

Imagine that your parents aren't aware of options that can help you pay for college and you have to email them information on the basics. Construct an example of an email using the resources below (Prepare Financially and Grants), and explain to your parents the following:

- Why a subsidized loan is better than an unsubsidized loan, if you must borrow money.
- How grants and scholarships are similar.
- Why grants and scholarships are better than loans.

Action Plan: Going to College, cont.

Resources: Prepare Financially. practicalmoneyskills.com/ff58
Grants. practicalmoneyskills.com/ff59

Comparing the costs of colleges can be challenging. Many experts believe you should never borrow more for college than what you can expect to earn your first year after graduation. To ensure you know before you owe, review the Consumer Financial Protection Bureau's (CFPB) Compare Schools to help compare college costs and financial aid offers. This can help you and your parents make an informed financial decision.

Resource: consumerfinance.gov/paying-for-college/compare-financial-aid-and-college-cost/

Budgeting in College

Directions: Explain to students the importance of budgeting before going to college. Research what your budgeting and spending might look like once you're on campus.

Resource: practicalmoneyskills.com/ff61

Would you choose to live at home, on campus, or off campus? Why?

Beyond housing and tuition, what other expenses should be considered?

Action Plan: Going to College, cont.

What ways could you earn money while in school? Can you invest while in school?

Repaying Loans

School loans are not free money. Thinking ahead for your future self, consider how much a loan will really cost.

How Much Will Your Loan Really Cost?

Assume you choose to borrow \$40,000 over four years to go to college. Respond to each of the questions using the Practical Money Skills calculator.

Resource: How Much Will My Loan Really Cost? financial calculator practicalmoneyskills.com/ff62

- **Loan #1:** 5% interest rate, length of loan 120 months
 - Minimum monthly payment: _____
 - Total finance charge: _____
 - Total payment amount (including interest): _____
- **Loan #2:** 8% interest rate, length of loan 120 months
 - Minimum monthly payment: _____
 - Total finance charge: _____
 - Total payment amount (including interest): _____
- **Loan #3:** 8% interest rate, length of loan 168 months
 - Minimum monthly payment: _____
 - Total finance charge: _____
 - Total payment amount (including interest): _____

How does the interest rate affect the cost of borrowing?

How does the length of the loan affect the monthly payment?

Action Plan: Going to College, cont.

How does the length of the loan affect the amount paid in interest?

Building a Support Team and Taking Next Steps

Who can you talk to in order to find out more about your college options? What actions can you take now to prepare for college?

Action Plan: Buying a Car

Ready to hit the road? Not so fast. A car can be more than just your personal transportation. Your new set of wheels can improve your quality of life by bringing more ease and convenience, but it's also a major purchase that involves regular maintenance and additional costs such as insurance, a license, and registration fees. Because of this, you'll want to choose a car that won't send your budget into overdrive. There are many routes you can take to buying a car.

Directions: After reading the Buying a Car content on Practical Money Skills, answer the following questions with as many details as possible.

Resource: Buying a Car. practicalmoneyskills.com/ff63

Set Your Sights

What type of car are you interested in and why?

(include estimated cost; the make, model, and year; whether it's new or used; and whether it is a hybrid, gas, or electric-powered car)

What other costs will you need to consider besides the car payment?

Research common car expenses. practicalmoneyskills.com/ff63

Prepare Financially

Will you buy used or new? Or will you lease your car? What are the benefits and drawbacks of each?

Research buying used or new, or leasing with the resources listed below.

Resources: Buying a Used Car. practicalmoneyskills.com/ff64

Leasing a Car. practicalmoneyskills.com/ff65

Action Plan: Buying a Car, cont.

How much car can you afford?

Use the calculator to consider options.

Resource: Much Car Can You Afford? practicalmoneyskills.com/ff66

How will you pay for your car?

Research ways to finance a car.

Resource: Auto Financing. practicalmoneyskills.com/ff67

Building a Support Team and Taking Next Steps

What strategies can you use to get a good deal?

Check out tips.

Resource: Getting a Good Deal. practicalmoneyskills.com/ff68

What actions can you take now to prepare for buying a car?

Action Plan: Choosing Housing

Looking to rent an apartment? Or maybe even to buy a house? There are a few key things you need to know before you do. The housing market is highly competitive, fast-moving and ever-changing. Exploring the ins and outs of renting and buying now can prepare you for opportunities when they arise.

Directions: Do your homework first before starting this activity. Research options for buying a home or renting an apartment using the resources listed below.

Resources: Buying a Home. practicalmoneyskills.com/ff69

Renting an Apartment. practicalmoneyskills.com/ff70

Set Your Sights

What are the rights, responsibilities, and risks of renting vs. buying?

List the differences between renting and buying in the table below:

	Renting	Buying
Rights		
Responsibilities		
Risks		

Which appeals to you most and why?

Action Plan: Choosing Housing, cont.

Searching for the Right Place

What are the key things to consider in choosing a home or apartment?

Research and list at least three things to consider:

Choosing the Right Home. practicalmoneyskills.com/ff71

Searching for the Right Place. practicalmoneyskills.com/ff72

1.

2.

3.

Prepare Financially

How do the costs compare for renting vs. buying?

Examine the costs of renting and buying: Buying a Home. practicalmoneyskills.com/ff69

Use the calculators below to weigh the costs of home loans and mortgage payments.

- Practical Money Skills Home and Mortgage Calculators: practicalmoneyskills.com/ff73
- New York Times calculator: Review the categories of expenses for renting and buying. nytimes.com/interactive/2014/upshot/buy-rent-calculator.html

Which will cost more up front?

What are the recurring costs for renting? For buying?

Action Plan: Choosing Housing, cont.

What is the potential long-term benefit of buying?

Taking Next Steps

What choices can you make now to put yourself in a better position to buy a home in the future?

Action Plan: Landing a Job

Whether you're looking for your first job out of college, searching for a new opportunity or making a career switch, landing a job is a major milestone. You will want to consider not only what job is best suited to your interests and skills, but also what career choice will let you live comfortably within your means.

Directions: Do your homework before starting this activity by learning more about landing a job using the resources listed below.

Resources: Landing a Job. practicalmoneyskills.com/ff75

Set Your Sights

If you had to choose a career as an adult, what would it be, and why?

What skills are valued most for the career and job you listed?

What kind of jobs or internships can you take as a teen to help prepare you for your future career?

Preparing for the Job Search

Research how to prepare for a job search before answering the questions.

Resource: Preparing for the Search. practicalmoneyskills.com/ff76

You are your own brand and may have a digital footprint from social media or website interactions. If an employer or college admissions officer conducted an online search about you, what would they see? If you're not sure, try it yourself and do what's necessary to improve your digital brand.

Action Plan: Landing a Job, cont.

Choose between the options after reviewing the resource listed below.

Resource: Preparing for the Search. practicalmoneyskills.com/ff76

- **Option #1:** Write a resume and cover letter that you can add to a summer job application, to help you stand apart from other job applicants. You can find tips on creating an effective resume at: practicalmoneyskills.com/ff75
- **Option #2:** Imagine you are 30 years old. Based on your current career and educational aspirations, construct a resume and cover letter for your 30-year-old self and when you're done, use it as a college and career road map.
- **Option #3:** Create a LinkedIn account highlighting your professional strengths.

Share three tips for making yourself stand out as a potential employee.

Acing the Interview

Discover tips and resources to help prep before the interview:

Resource: The Interview. practicalmoneyskills.com/ff77

What kind of questions might an interviewer ask you? How might you prepare to answer those questions?

Using the Problem-Action-Solution (PAR) outline at the resource above, craft an example that highlights a time you successfully solved a problem.

Action Plan: Landing a Job, cont.

Working From Home: Building a Side Hustle or Business

One of the fastest-growing segments of America's workforce is the self-employed. Is a side hustle or business ownership in your future? Answer the following questions to see if such a gig is right for you.

What does it take to be your own boss?

Research working from home and list three things that need to be handled if you are self-employed using the resource listed below.

Resource: Working from Home. practicalmoneyskills.com/ff78

What skills might you use to work from home?

Taking Next Steps

How could you begin building job skills now with an internship or volunteer position? Use the resource listed below before answering the question.

Resource: Internship Resources. practicalmoneyskills.com/ff79

Action Plan: Health Care

Taking care of your health is an essential expense you can't forgo. Understanding your options is a crucial part of getting covered.

Directions: Research health care options at the resources provided below before answering the questions.

Resource: Health Care Options: practicalmoneyskills.com/ff80

Selecting a Health Care Plan: practicalmoneyskills.com/ff81

Understanding Your Options

Use the resource below and research health care options before answering the questions below.

Resource: Understanding Your Options. practicalmoneyskills.com/ff80

You are a health insurance expert. Four of your friends need to figure out the best health insurance option. Your responsibility is to make a recommendation based on their situations.

Jamal is a 27-year-old employee. His company has given him two health insurance options to choose from, a PPO and an HMO. Jamal's priority is making sure his plan provides coverage for any doctor he wants to see, and he is willing to pay a little more. Which plan do you recommend for Jamal, and why?

Sofia is a 29-year-old employee. Her company has given her two health insurance options to choose from, a PPO and an HMO. Sofia's priority is making sure her plan's monthly premiums are budget friendly. Which plan do you recommend for Sofia, and why?

Javier is a 19-year-old employee. His parents do not have employer-based insurance, so staying on his parents' plan is not an option. His company has given him two health insurance options to choose from, a POS and an EPO. Javier's priority is to keep his medical plan costs to a minimum. Which plan do you recommend for Javier, and why?

Action Plan: Health Care, cont.

Emma is a 19-year-old entrepreneur who earns over \$40,000 a year. Her friends, who are the same age, are able to stay on their parents' health insurance plan. Unfortunately, her parents do not have employer-based health insurance, so for her that is not an option. Where can Emma purchase health insurance?

Selecting a Plan

Research how to select a health care plan at the resource listed below before answering the questions.

Resource: Selecting a Plan. practicalmoneyskills.com/ff81

What is a deductible?

How can a high deductible impact your monthly premium payments?

How does having a high deductible impact your up-front costs?

Assume you are facing a medical emergency. Your plan has a \$5,000 deductible and 20% coinsurance, and you have a \$105,000 medical bill. How much will your out-of-pocket expenses be for this emergency, assuming there is no out-of-pocket maximum in your coverage?

Action Plan: Health Care, cont.

Employer Benefits

Research employer-provided benefits at the resource listed below before answering the questions.

Resource: Employer Provided Benefits. practicalmoneyskills.com/ff82

What is an FSA? What are the benefits of taking part in it?

What is an HSA? How does it differ from an FSA?

Action Plan: Family Life

Each stage of family life can present different challenges and rewards: Heading out on vacation? Getting a new pet? Figuring out entertainment for the month? Get prepared by planning ahead.

Directions: Your teacher will assign this activity as an individual or group exercise.

Set Your Sights

Which of the following family life adventures is most interesting to you? Why?

- Welcoming a new pet
- Planning a trip
- Hosting a party

Note: Depending on your selection above, work on that section of your Action Plan only.

Welcoming a Pet

Directions: Before starting this activity, read the article [How to Save Money While Welcoming a New Pet](https://practicalmoneyskills.com/ff83): practicalmoneyskills.com/ff83

To provide the best care for a pet, you'll want to be able to afford to meet its needs, including the basics like food and health care. With this in mind, think carefully and review your budget before deciding to welcome an animal into your family.

What kind of pet are you interested in?

Is this pet affordable in your life? What are the up-front costs? What are the recurring costs?

(List items and estimated prices below)

Items	Cost
	Total: \$

Action Plan: Family Life, cont.

Planning a Trip

Directions: From choosing a spot to getting your gear, you can learn about five ways to save before setting off on your next adventure. Read the article at the link below before answering the questions.

Resource: How to Save Money on Your Next Outdoor Adventure. practicalmoneyskills.com/ff84

What kind of trip are you interested in taking? Where will you go?

What will your budget be for the whole trip?

Calculate the costs and record your total. How did you stay within your budget?

Use the Travel Budgeting calculator: practicalmoneyskills.com/ff85

Before boarding the plane or departing on a road trip, use the Travel Budgeting calculator to help map out your expenses so you don't spend beyond your means.

Hosting a Party

Hosting a party requires planning. Use the Entertainment Planner calculator to budget for your party preparation so you don't overspend. practicalmoneyskills.com/ff86

What kind of event are you hosting (birthday celebration, graduation party, Pi Day party, etc.)?

Action Plan: Family Life, cont.

What will your budget be for the whole event?

Calculate the costs and record your total. How did you stay within your budget?

Use the Entertainment Planner Calculator: practicalmoneyskills.com/ff86

Action Plan: Retirement

It's never too early to plan ahead and start saving for retirement. To get the most out of your retirement savings, you'll want to start planning and saving at an early age.

Do your homework first and research how to plan for retirement. Before beginning this exercise, explore the types of retirement accounts available. Retirement: practicalmoneyskills.com/ff87

Understanding Your Options

A big part of being prepared is knowing the lingo. Research each of the following retirement options. Create a hashtag that best represents each retirement option below:

401(k) Plans

Example: #EmployerSavingsPlan

457 Plans

Thrift Savings Plans

Action Plan: Retirement, cont.

Individual Retirement Accounts (Roth and traditional IRAs)

Annuities

Kiddie IRA

How much do you need for retirement?

Calculate your retirement expenses to determine how much you'll need.

Resource: Do I Have Enough Retirement Money? calculator. practicalmoneyskills.com/ff88

If you want to retire at 65 years old and you'll need \$50,000 a year to live on for 20 years during retirement, how much money will you need to save for retirement? You will need to assume that your current age is 20, you only have \$1 saved for retirement, you will guess how much you are depositing into your retirement account annually, and your account is earning 6% per year.

Using the Save a Million Calculator at the resource listed below, how can you reach your retirement goal if you receive an average 8% interest rate on accounts?

Resource: Save a Million calculator. practicalmoneyskills.com/ff89

Action Plan: Handling the Unexpected

While we can't predict what will happen in our future, we can prepare for the unexpected. Financial security is essential to successfully managing major life events, and that means planning to create an emergency fund and thinking about insurance.

Directions: Do your homework before beginning this activity; learn more about handling the unexpected at the resource listed below.

Resource: Handling the Unexpected. practicalmoneyskills.com/ff92

Building an Emergency Fund

Before answering the questions below, read the article Building an Emergency Fund: practicalmoneyskills.com/ff90

According to a recent BankRate survey, 40% of all Americans are unprepared to cover a \$1,000 emergency.⁵

Construct a list of possible emergencies someone could not afford to pay for without three to six months' worth of expenses set aside in a savings account for this purpose.

How much should you save for an emergency fund if your total monthly expenses are \$250? Or \$1,000?

Take a look at your finances and determine how much you should be saving in preparation for the unexpected. A typical emergency fund should cover three to six months' worth of expenses.

Resource: Emergency Fund calculator. practicalmoneyskills.com/ff91

If your friend has an emergency fund goal of \$1,500 and can save \$100 per month, how long will it take to build the emergency fund?

⁵Bankrate's January 2019 Financial Security Index survey

Action Plan: Handling the Unexpected, cont.

Insurance in Case of Emergency

Unexpected events can take a lasting toll on your financial security. While you can't predict what experiences you will encounter in life, there are steps you can take to prepare for the unexpected by having insurance.

Directions: Before answering the questions, review the information at the resource listed below.

Resource: Planning for the Unexpected. practicalmoneyskills.com/ff92

What is insurance?

How can insurance help in handling the unexpected?

Summarize how each type of insurance below protects you in case of the unexpected:

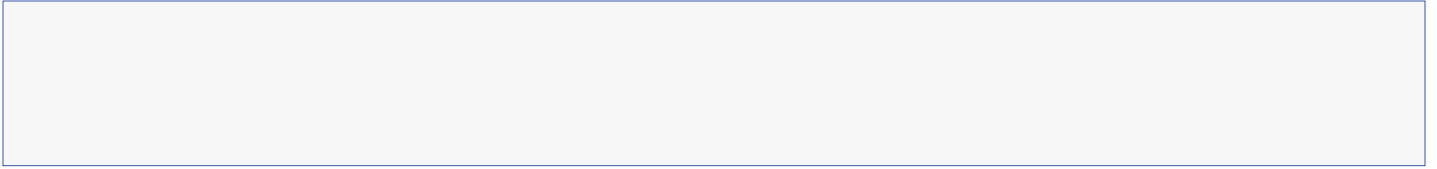
Medical/health insurance

Life insurance

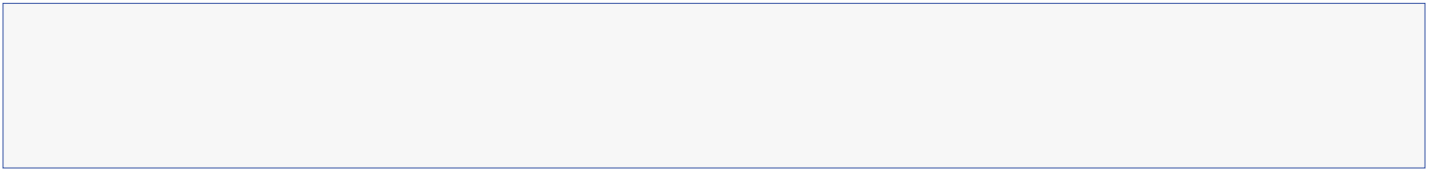
Auto insurance

Action Plan: Handling the Unexpected, cont.

Renters insurance



Homeowners insurance



Glossary of Terms

Study this list of personal finance terms to warm up before playing Financial Football. By mastering these terms, you will have a better opportunity to answer questions in the game correctly and score.

401(k): A 401(k) is a feature of a qualified, employer-sponsored retirement plan that allows eligible employees to contribute a portion of their wages to individual accounts.

529 plan: A savings plan operated by a state or educational institution, designed to help set aside funds for future college costs. Savings deposited in a 529 plan grow tax-free until withdrawn.

Annuity: An annuity is an investment agreement in which you pay an insurance company a specified amount of money and the insurer invests it for you with the promise to pay you back on a future date or series of dates.

Asset: Anything of material value owned by an individual or company. This may include your house, car, furniture — anything that's worth money.

Auto insurance: Insurance designed to cover a driver, and often a vehicle, financially in the event of an accident or theft.

Bookkeeping: The recording of financial transactions and exchanges.

Budget: A plan for future spending and saving, weighing estimated income against estimated expenses.

Capital gains: Profits from the sale of an investment.

Career objective: The goal of your current career efforts, or a short statement of definition on a resume about the position you are seeking.

Cash flow: The total amount of money being transferred into or out of a business, account or an individual's budget.

Copayment: Primarily for health insurance; the amount you owe each time you visit the doctor after you have met your deductible.

Collateral: An asset or amount of money provided as security for repayment of a loan.

Collision insurance: Auto insurance that covers certain costs if your vehicle is damaged.

Cost comparison: Comparing the cost of two or more goods or services in an effort to find the best value.

Cost-benefit analysis: Analyzing whether the cost of an item is more than, equal to, or less than the benefit that comes from its purchase.

Deductible: The amount an insured person must pay for services before the insurance provider begins to cover costs.

Depreciation: The decrease in value of assets over time.

Down payment: The amount a consumer pays up front for something on the day of the purchase.

Emergency fund: Money set aside for emergency expenses, recommended to cover 3–6 months of expenses.

Glossary of Terms, cont.

Employer-sponsored savings plan: A benefit plan offered by an employer for employees at relatively low cost.

Entrepreneur: Someone who owns or operates his or her own business.

Estate: The whole of an individual's possessions, including property and debts.

Estate plan: The process of arranging for the dispersal of an individual's estate in the event of death.

Executor: A person or institution appointed to carry out the terms of a will.

Expenses: The money an individual spends regularly for items or services.

Federal taxable wages: The sum of all earnings by an employee that are subject to a specific taxation.

Flexible savings account (FSA): A special account you put money into that you use to pay for certain out-of-pocket health care costs. This means you'll save an amount equal to the taxes you would have paid on the money you set aside. There are two types of FSAs — one for health-care-related expenses and the other for dependent-care-related expenses. The accounts are separate, and you may sign up for either or both during your open enrollment period. FSAs offer a way for those with health insurance to set aside money that is pretaxed to pay for their health care costs, known as "qualified expenses," which include (but are not limited to) deductibles, copayments, coinsurance, monthly prescriptions, and more. They can also be used for expenses incurred out of network.

Foreclosure: A legal process in which a mortgaged property is confiscated because the borrower has failed to keep up payments.

Grants: Grants are a type of financial aid that you don't have to repay and are usually based on financial need. Grants can come from the federal government, your state government, your college or career school, or a private or nonprofit organization. It is a sum of money given for a particular purpose, such as college tuition.

Gross income: The total amount of money an individual has earned before voluntary deductions, such as 401(k) contributions, and involuntary deductions, such as taxes, are taken out.

Health insurance: Insurance designed to cover the costs of health care expenses.

Health savings account (HSA): A pretax savings account designed specifically for medical expenses. Only those who have high-deductible health plans can select an HSA. For you to qualify for a HSA, this high-deductible health plan (HDHP) must be your only health insurance plan, you must not be eligible for Medicare, and you cannot be claimed as a dependent on someone else's tax return.

Homeowners insurance: Insurance designed to cover the costs of damage to home or property in the event of a theft, natural disaster, or other unexpected event.

Income: Payment received for goods or services, including employment.

Income tax: Tax levied by a government directly on personal income.

Individual retirement account fund (IRA): A retirement account that allows individuals to contribute a limited yearly sum toward retirement on either a pretax (traditional IRA) or after-tax (Roth IRA) basis.

Glossary of Terms, cont.

Inflation: The overall increase in the cost of products and services over time.

Insurance: An agreement that helps to protect against financial risk in the event something unexpected happens.

Insurance policy: A contract between a consumer and insurance company outlining coverage plans.

Lease: A contract outlining the rental terms of a piece of property, whether a car, an apartment, or another space.

Liabilities: Everything that you owe, which may include your mortgage, credit card balance, interest, student loans, and loans from family and friends.

Life insurance: Provides financial protection for one's family in the event of one's death. It is primarily designed to replace the income stream relied on by beneficiaries.

Loan: Money or assets borrowed and paid back with interest over time.

Loan principal: An amount borrowed that remains unpaid, excluding interest.

Long-term financial goal: A financial goal that will take longer than a year to achieve.

Mortgage: A loan secured in order to purchase property.

Mortgage payment: The payment a borrower makes each month toward the purchase of a home.

Mortgage term: The agreed-upon amount of time to pay off a mortgage.

Net worth: Your financial wealth at one point in time. The formula to calculate net worth is simple:

Net worth = assets – liabilities

Opportunity cost: The loss of potential gain from other alternatives when one alternative is chosen.

Premium: The amount paid to an insurance provider monthly in order to maintain an insurance plan.

Private mortgage insurance (PMI): Insurance to help protect a mortgage lender in the event a borrower cannot make payments.

Property tax: A capital tax on property based on its estimated value.

Purchase price: The price paid for an item or service.

Renters insurance: Covers your personal property in a rented apartment, condo, or home against unexpected circumstances such as theft, a fire, or sewer backup damage — you receive payment for lost or damaged possessions. It can also help protect you from liability if someone is injured on your property.

Scholarship: An award of financial aid for the purpose of education that does not need to be repaid. This is a grant-in-aid to a student (as by a college or foundation).

Short-term financial goal: A financial goal that will require less than six months to achieve.

SMART goals: An acronym guideline for setting financial goals that are Specific, Measurable, Attainable, Relevant, Time-Related.

Glossary of Terms, cont.

Social Security taxes: A tax on individuals used to fund the U.S. government's Social Security program, based on earnings history.

Student loan: A loan offered to students for education-related expenses that must be repaid.

Thrift Savings Plan (TSP): A retirement savings and investment plan for federal employees and members of the uniformed services.

Tuition: Fees paid in exchange for instruction from a school (primary, high school, college, vocational).

Unexpected expenses: Unplanned for and unforeseen expenses. An emergency fund can help with these expenses.

Variable expenses: Expenses that change in price and frequency each month.