



TRANSFORM COMMUNITIES
CHANGE KIDS' LIVES

FINANCIAL LITERACY

HEALTHY CHOICES,
HEALTHY CHILDREN



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INTRODUCTION

ABOUT THE CAL RIPKEN, SR. FOUNDATION

During his 37-year career with the Baltimore Orioles organization, Cal Ripken, Sr. taught the basics of the game and life to players big and small. After he passed away, his sons and Major League Baseball players Cal and Bill recognized that not every child is lucky enough to have such a great mentor and role model. In this spirit, the Ripken family started the Cal Ripken, Sr. Foundation, a national 501(c)(3) nonprofit organization, in 2001.

By teaching kids how to make positive choices no matter what life throws at them, the Cal Ripken, Sr. Foundation strives to help underserved youth fulfill their potential and become healthy, self-sufficient, successful adults.

ABOUT HEALTHY CHOICES, HEALTHY CHILDREN

With the support of community-based organizations, the Cal Ripken, Sr. Foundation provides programs, resources, training, and support across the country that directly impact the lives of at-risk youth. A primary component of this support is the *Healthy Choices, Healthy Children* (HCHC) program – a comprehensive life skills curriculum that provides youth development professionals and mentors with a vehicle to begin meaningful conversations with kids who need it the most.

Through discussions about the choices they make today and the consequences that follow tomorrow, combined with activities demonstrating these lessons, youth learn to make productive decisions for their futures.

NOTE: The views expressed in this publication are those of the Cal Ripken, Sr. Foundation and are intended strictly as a teaching tool, and not as financial advice.

INTRODUCTION

THE GUIDING PRINCIPLES OF THE FOUNDATION

Cal Ripken, Sr. was a player, coach, and manager in the Baltimore Orioles organization for nearly four decades. He developed great players and, more importantly, great people through his style of coaching. No matter what you are teaching, you can use these four key ideas as your guide.

Keep it simple

Lessons on the field and in life are best learned when presented in a simple manner. Teach the basics and keep standards high.

Explain why

By helping kids understand the connections between everyday decisions and real-life outcomes, we can help them make smarter choices which guide their futures.

Celebrate the individual

When kids are encouraged to be themselves, respected for their opinion, and asked to share it, they are more likely to have a higher self-esteem and a better feeling of self-worth.

Make it fun

If kids aren't paying attention or participating, how much are they learning? Whether it's using a game to teach a concept or motivating kids with a little friendly competition, keeping kids engaged is essential.

INTRODUCTION

KEEPING KIDS ENGAGED

Here are some tips to help you structure activities that keep kids engaged, excited, and coming back:

- Have a plan
- Keep activities structured
- Use visual tools (diagrams, cones, props, etc.)
- Provide feedback
- Encourage, encourage, encourage
- Set parameters and stick to them
- Assign groups/teams
- If you use captains, be sure to rotate them often
- Set achievable goals
- Use short time increments
- Rotate activities frequently
- Let kids have input in the activities they like best
- Stay consistent and create routine
- Affirm kids when they do well



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ABOUT HCHC: FINANCIAL LITERACY

“We constantly have to adjust and readjust to the situation and the condition.” – Cal Ripken, Sr.

Healthy Choices, Healthy Children (HCHC) has, and always will be, a vehicle to help young people make smart decisions on their path toward a productive adulthood. Money plays an essential role in our ability to be self-sufficient, making it an important area for practicing personal responsibility.

The goal of this edition is to give kids the basic financial literacy needed to manage their money responsibly. The amount of money a person has is less important than how he or she manages that money.

Practicing personal responsibility through sensible spending and long-term financial planning allows individuals to handle life’s curveballs and make the most of opportunities.

So why not start learning about smart ways to manage money as early as possible? The *HCHC: Financial Literacy* is a learning module designed for kids to start learning basic financial concepts that they can put into practice at an early age and hopefully continue to build on into young adulthood and onward.

GETTING STARTED

USING THIS WITH THE *HCHC COACHES MANUAL*

We recommend that you use the HCHC: Financial Literacy together with the HCHC Coaches Manual. If you are using the HCHC: Financial Literacy by itself, skip the Recommended Implementation steps below and go directly to the “Game Plan” section on the next page.

This edition is designed to help you guide youth in connecting the concept of personal responsibility, as taught in the *HCHC Coaches Manual*, to real life financial situations.

Once the kids have learned a little bit about personal responsibility and consequences, it's time to put those lessons into some real life examples. The *HCHC: Financial Literacy* focuses on teaching kids how to be financially responsible and plan for their future.

Recommended Implementation

1. Start by using the *HCHC Coaches Manual* to teach the lesson on “Personal Responsibility.”
2. Use Lesson 1 in the *HCHC: Financial Literacy* as a bridge between personal responsibility and financial responsibility.
3. Instead of using the activity from the Coaches Manual, have the kids complete the activity following Lesson 1 on financial literacy.
4. Continue using the lessons and activities in this edition to give youth the basic financial literacy they need to make productive choices in managing their money.

GETTING STARTED

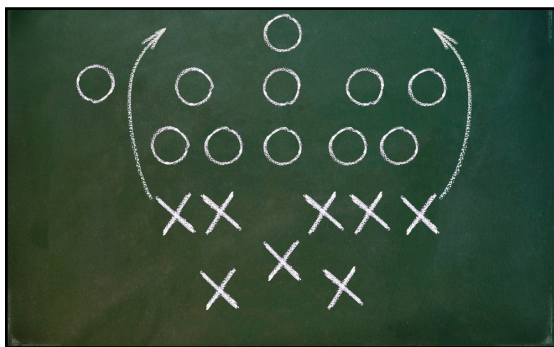
GAME PLAN

The following lessons and the accompanying activity will provide kids with a great opportunity to reinforce the concepts introduced through a practical and engaging approach.

Throughout *HCHC: Financial Literacy*, kids will be introduced to the basic concepts of financial literacy and participate in an ongoing exercise that allows them to practice what they've learned. The following are some of the concepts that will be covered:

- Why we need money and why financial health is important
- Positive and negative outcomes of managing money well or managing money poorly
- Budgets
- "Wants" vs. "Needs"
- How to plan for unexpected costs, including price increases
- Financial goal setting and planning for the future

COACHING TIP: Familiarize yourself with all the lessons and activities before you begin using the *HCHC: Financial Literacy* with your kids. Visit [RipkenFoundation.org](https://www.ripkenfoundation.org) to download resources and examples for activities.



GETTING STARTED

GAME PLAN

Over the next four weeks, the kids are going to learn what it means to budget their money, adjust that budget with life's ups and downs, and ultimately, what it takes to save for something they want.

Start out by telling everyone they now have \$100 (fake, of course) that they can spend on whatever they would like. However, they will be rewarded if they can budget and spend their money in a way that will give them some left over at the end of the month.

COACHING TIP: To make it easier for you to keep track of each kid's money and expenses, we recommend setting up a "bank" where kids must tell you when they spend or earn their fake money. Come up with your own system or use our "Coach's Bank and Tracking Sheet," available by downloading *HCHC: Financial Literacy* resources from our online training portal at RipkenFoundation.org/Resource-Portal.

Based on what is available to you, give the kids four options for which they can save. They can be individual prizes or things they have to save for collectively. Some examples may be:

Ice cream party - \$30 (group)
Opportunity to choose next week's activity or sport - \$15 (individual)
T-shirt - \$10 (individual)
Baseball - \$3 (individual)
Keychain - \$2 (individual)
Notebook - \$2 (individual)
Opportunity to choose a silly outfit for the coach to wear one day - \$25 (group)
Be creative! Come up with your own!

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PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 1: CONNECTING THE DOTS

Key Points:

- There are always positive outcomes or negative consequences related to how we choose to manage our money.
- We can take responsibility for our financial health by creating and staying within a budget.
- Budgets help us keep track of our current money, as well as our progress towards financial goals.

Personal responsibility relates to the choices we make and the effects those choices have on our lives. We are all ultimately responsible for the things we do and the **positive outcomes** or **negative consequences** that result.

One of the most important ways we can practice personal responsibility is through taking care of, saving, and using our money strategically. The first step is building our **financial literacy**, or understanding of how money is used and how we can manage it.

Let's start off our introduction to financial literacy with a group discussion about money in general.



PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 1: CONNECTING THE DOTS

Discussion Questions:

- **What does money allow you to do?**
 - Spend – to get goods or services
 - Save – for large or future purchases
 - Donate – to organizations or causes
 - Invest – to grow your saved money
- **What are some ways we can get money?**
 - Earn it (jobs)
 - Someone gives it to you (allowance, inheritance)
 - Invest it
- **Why might it be important to save money?**
 - Emergencies (hospital visit, car breaks down)
 - Opportunities (traveling, school, fun activities)
 - Increased living expenses (gas prices go up, move to a new city)
- **What are some things that you could save for in the short-term (6 months)? Long-term (5 years)?**
 - Short-term – new clothes, toys or sports equipment, movie tickets
 - Long-term – school or college, renting or buying a home, car



PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 1: CONNECTING THE DOTS

Odds are that you have heard about and understand the basic concept of money: it can be given or earned in return for goods and services. But many kids, and adults for that matter, do not track their spending and earnings as closely as they should.

Just like we would use a map to navigate where we currently are and where we are going on a road trip, using a “financial map” is important to knowing where we currently stand with our money and if we are on track to meet our expenses or goals. We call this “financial map” a **budget!**



A **budget** can be very basic or detailed, but all budgets are made up of a list of anticipated expenses (food, travel, housing) that a person may or may not incur over a certain period of time (week, month, year).

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 1: CONNECTING THE DOTS

So what exactly does a budget look like? Below is an example of a basic budget that someone might put together:

Item	Budgeted Spending	Actual Spending	Difference
Groceries / Food	\$60/month (\$2 per day)	\$66	\$6 Over budget
Clothing	\$40/month	\$35	\$5 Under budget
Transportation	\$60/month	\$60	On budget
Rent / Utilities	\$300/month	\$300	On budget
Entertainment	\$40/month	\$50	\$10 Over budget
Total	\$500	\$511	\$11 Over budget

Ideally, a person does not want to exceed their budgeted amount in any of the budget's categories or total. If their actual expenses exceed the amount they budgeted for in any particular category, the budget will allow them to see this increase in spending and to take the appropriate action to fix the situation.

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 1 ACTIVITY: **CREATING A BUDGET**

What you will need for this activity:

- 1 blank budget template per youth (download *HCHC: Financial Literacy* resources from RipkenFoundation.org/Resource-Portal)
- Pencils or pens
- List of prizes that kids can purchase after completing *HCHC: Financial Literacy* (see the "Game Plan" for ideas)
- Optional: Lesson 1 Sample Budget (download *HCHC: Financial Literacy* resources from RipkenFoundation.org/Resource-Portal)

To help keep track of everything, the first activity you're going to have the kids do is create a budget. This budget worksheet can be used to plan out how they're going to spend their money, as well as help them keep on track as they actually spend it.

Everyone has \$100 (fake, of course) to cover their expenses and has the opportunity (if they budget wisely) to purchase something special from the list of prizes at the end of lesson 4.

On the next two pages is a four week sample budget for this activity. This particular example is for more advanced math students and can be amended based on the youth's skill level. You can print out copies of the sample budget to give the kids a model, or feel free to come up with your own example!

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 1 SAMPLE BUDGET

Starting: \$100	Mon.	Tues.	Wed.
Week 1 Expected	Membership Fee: -\$15 Sports Fee: -\$10 Snack: -\$1 Extra Arts and Crafts Time: -\$5	Snack: -\$1 Helping a Peer With Homework: +\$1	Snack: -\$1 Candy Bar: -\$3
Week 1 Actual	Membership Fee: -\$15 Sports Fee: -\$10 Snack: -\$1 Extra Arts and Crafts Time: -\$5	Snack: -\$1 Helping a Peer With Homework: +\$1	Snack: -\$1 Candy Bar: -\$3
Week 2 Expected	Snack: -\$1	Snack: -\$1 Extra Video Game or Activity Time: -\$5	Snack: -\$1
Week 2 Actual			
Week 3 Expected	Snack: -\$1	Snack: -\$1	Snack: -\$1
Week 3 Actual			
Week 4 Expected	Snack: -\$1	Snack: -\$1 Extra Video Game or Activity Time: -\$5	Snack: -\$1
Week 4 Actual			
TOTAL			

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Thurs.	Fri.	Expenses	Income	Balance
Snack: -\$1 Cleaning a Room: +\$4	Snack: -\$1	-\$38	+\$5	\$67
Snack: -\$1 Cleaning a Room: +\$4	Snack: -\$1	-\$38	+\$5	\$67
Snack: -\$1	Snack: -\$1	-\$10	\$0	\$57
Snack: -\$1	Snack: -\$1 Extra Arts and Crafts Time: -\$5	-\$10	+\$0	\$47
Snack: -\$1 Extra Snacks: -\$2	Snack: -\$1	-\$12	+\$0	\$35
				\$35

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 1 ACTIVITY: CREATING A BUDGET

You can use this example or come up with your own to show the kids ways they can budget their money for the month. You'll notice that each week in the budget has two lines: one line for what they **expect** to spend, and one line for what they **actually** spend.

This particular child decided to budget their money in a way that would leave them \$35 at the end of the month.

In this example, the child had three expenses that they could not avoid:

Membership fee	\$15 per month
Sports activity fee	\$10 per month
Snack	\$1 per day

They budgeted a total of \$25 for treats or extra curricular activities, which could be:

Candy bar	\$3 each
Soda	\$3 each
Extra time with a video game or other activity	\$5 each
Extra arts and crafts time	\$5 each
Extra snacks	\$2 each

And they expected to earn an income of \$5 by doing a combination of:

Sweeping the floors twice a week	\$2 per week
Helping someone else with their homework	\$1 each time
Cleaning a room	\$4 each time
Organizing a bookshelf	\$3 each time

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 1 ACTIVITY: CREATING A BUDGET

COACHING TIP: You may want to set up some sort of “bank” (as mentioned in the “Game Plan”) where the kids can go each day to make all of their transactions. You can also have them create a poster with all the prices and items on it as a reminder for them.

At the end of the session, take some time to review each child’s budget to make sure they are on the right track.

At the end of each day, on their budget worksheet, every kid should be marking down all of their expenses along with any treats or extracurricular activities they may have purchased.



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LESSON 2: NEEDS VS. WANTS

Key Points:

- When deciding whether or not to buy something, you can stay on track to meet your needs and goals by simply asking, “Do I absolutely **need** this product or service, or do I just want it?”
- **Price increases** on certain goods and services can and will occur. It is important to **plan** for and **anticipate** these changes.
- It is okay to spend money on want costs in moderation, as long as you have enough for your need costs and as long as you balance **wants** with **saving** towards your goals.

So now that you have learned a little bit about budgets, it's time to talk about what should and should not be included in your budget.

In other words, what items are important enough to include in your budget over other, less important, items and how do we make that decision?

Before making any purchase, it is important to pause and ask yourself one simple question:

“Do I absolutely NEED this product or service, or do I just WANT it?”

A **want** cost is something that you would like to have, but can live without, such as jewelry, eating at restaurants, or new electronics.

A **need** cost is something that you cannot avoid and must be purchased, such as food, water, electricity, transportation, or medications.

Every budget is different for every person based on their **needs**, **wants**, and **income**. But one fundamental idea behind the creation of any budget is the concept of deciding how to balance **want** vs. **need** costs.

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 2: NEEDS VS. WANTS

When we are thinking about buying a good or service, we need to carefully consider what options we may gain or give up as a result of choosing to buy something or not.

Let's look at some everyday goods and services and practice applying these simple questions to help us decide if they are wants or needs.

Discussion Questions:

- **Do I need this product/service, or is it just something I want?**
- **What other options do I give up by making this purchase?** (*savings, need costs, want costs*)
- **Is there a cheaper alternative for either my want or need costs?** (*i.e. I need a winter coat that will last, but I do not need to buy the most expensive, brand name winter coat*)



PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 2: NEEDS VS. WANTS

COACHING TIP: You can use the examples here, or you can use your own examples based on the props you have available! Have the kids place them in different piles, and ask them to answer the discussion questions as they separate the items.

Want vs. Need Chart:

Want	Item	Need
	Groceries for the week	
	A new video game	
	School supplies	
	Winter jacket	
	Eye glasses / contacts	
	Candy	
	Bus ticket to get to work/ school	

Answer Key:

Want	Item	Need
	Groceries for the week	X
X	A new video game	
	School supplies	X
	Winter jacket	X
	Eye glasses / contacts	X
X	Candy	
	Bus ticket to get to work/ school	X

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 2 ACTIVITY: **NEEDS VS. WANTS**

What you will need for this activity:

- Individual budgets created in Lesson 1
- Pens or pencils
- Extra blank budget templates
- Optional: Lesson 2 Sample Budget (download *HCHC: Financial Literacy* resources from RipkenFoundation.org/Resource-Portal)

Now that the kids have learned all about **needs vs. wants** it is time to put these concepts into action with a little **twist**.

They should have been keeping track of all their expenses throughout the week so they should have a good idea of where they currently stand financially.

This week, the kids will evaluate each item they previously included on their budget and make changes in two ways:

1. Balance **wants** vs. **needs**. They should make sure that all of their **needs** are met first (food, transportation, required activity fees) before their **wants**.
2. **TWIST:** The price of certain items has **increased** and they must factor that in to their budget.



PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 2 ACTIVITY: **NEEDS VS. WANTS**

Just like in real life, sometimes prices go up and you have to adjust accordingly. Due to recent price increases, these are the new prices for what they will be purchasing starting week 2:

Need Costs:

ITEMS	WEEK 1 PRICES	WEEK 2 **NEW** PRICES
Membership fee	\$15 per month	\$15 per month
Sports activity fee	\$10 per month	\$15 per month
Snack	\$1 per day	\$2 per day

Want Costs:

ITEMS	WEEK 1 PRICES	WEEK 2 **NEW** PRICES
Candy bar	\$3 each	\$4 each
Soda	\$3 each	\$4 each
Extra time with a video game or other activity	\$5 each	\$6 each
Extra arts and crafts time	\$5 each	\$6 each
Extra snacks	\$2 each	\$3 each

NOTE: If you created a poster listing the prices, don't forget to update the prices!

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 2 ACTIVITY: NEEDS VS. WANTS

In light of these cost increases, the kids now have to update their budget and adjust accordingly. In our example, our student has updated their budget to look like this:

LESSON 2 SAMPLE BUDGET

Starting: \$100	Mon.	Tues.	Wed.
Week 1 Expected	Membership Fee: -\$15 Sports Fee: -\$10 Snack: -\$1 Extra Arts and Crafts Time: -\$5	Snack: -\$1 Helping a Peer With Homework: +\$1	Snack: -\$1 Candy Bar: -\$3
Week 1 Actual	Membership Fee: -\$15 Sports Fee: -\$10 Snack: -\$1 Extra Arts and Crafts Time: -\$5	Snack: -\$1 Helping a Peer With Homework: +\$1	Snack: -\$1 Candy Bar: -\$3
Week 2 Expected	Snack: -\$1	Snack: -\$1 Extra Video Game or Activity Time: -\$5	Snack: -\$1
Week 2 Actual	Snack: -\$2 Helping a Peer With Homework: +\$1	Snack: -\$2 Extra Video Game or Activity Time: -\$6	Snack: -\$2 Cleaning a Room: +\$4
Week 3 Expected	Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1	Snack: -\$2
Week 3 Actual			
Week 4 Expected	Snack: -\$2 Cleaning a Room: +\$4	Snack: -\$2 Extra Video Game or Activity Time: -\$6	Snack: -\$2
Week 4 Actual			
TOTAL			

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Thurs.	Fri.	Expenses	Income	Balance
Snack: -\$1 Cleaning a Room: +\$4	Snack: -\$1	-\$38	+\$5	\$67
Snack: -\$1 Cleaning a Room: +\$4	Snack: -\$1	-\$38	+\$5	\$67
Snack: -\$1	Snack: -\$1	-\$10	\$0	\$57
Snack: -\$2	Snack: -\$2	-\$16	+\$5	\$46
Snack: -\$2 Cleaning a Room: +\$4	Snack: -\$2 Extra Arts and Crafts Time: -\$6	-\$16	+\$5	\$35
Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1	-\$16	+\$5	\$24
				\$24

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 2 ACTIVITY: **NEEDS VS. WANTS**

You'll notice in this example they have updated a number of things starting in week 2:

All the snack costs have changed from **\$1** to **\$2**.

They are going to earn **\$5** in **income** every week instead of just one week.

They have dropped their **want** costs from two expenses to just one per week, which saves them **\$3** in week 4.

Extra arts and crafts or extra video game or activity time changed from **\$5** to **\$6**.

Despite these price increases and the item adjustments that were made based on each kid's **wants** and **needs**, this student was still able to budget to have **\$24** left over at the end of the month.

You can use this example or come up with your own to show the kids ways they can update their budget for the month. At the end of the session, take some time to review each child's budget to make sure they are on the right track. Can they still save enough for the month-end prize they wish to purchase?

Throughout the week, the kids should continue to keep track of all of their expenses and income right on the budget that they created.



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LESSON 3: UNEXPECTED COSTS

Key Points:

- Prices change and go up over time, increasing our **cost of living**.
- Sometimes things happen outside of our control and we must decide how to deal with them effectively (e.g. emergencies, **unexpected costs**, and changes in price).
- We can practice **personal responsibility** by preparing for unexpected costs and the increased cost of living over time through setting aside extra savings as **emergency funds**.

Just like other factors in life, a person's financial situation will undoubtedly change based on their experiences. Whether it is the increased cost of goods and services that takes place over time or **unexpected costs** that require immediate financial attention, most of these circumstances are beyond our control.

However, planning for these inevitable unexpected expenses is not only something that we can control, but something that is incredibly important for everyone to do.

Let's begin by discussing one **unexpected cost** that we cannot calculate exactly, but we can be sure will take place - increases in the **cost of living**!

You may have noticed things like gas and groceries getting more and more expensive over the last few years. These are perfect examples of products that have gotten more expensive over time and increased the **cost of living**.

COACHING TIP: Use specific examples from your life, from the world around you, and that your kids would see in their daily lives. You can ask the kids if they've noticed gas or other prices changing. Or try asking them how much a movie ticket costs these days and tell them how much it cost when you were their age.

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 3: UNEXPECTED COSTS

Unexpected costs are expenses that come up in life that are not planned for, but require funds to resolve. The following are some examples of **unexpected costs**:

- Your backpack breaks and you need to replace it to carry your school supplies
- You fall, hurt your arm, and must pay to see a doctor to get it fixed

There are many names for funds that people set aside specifically for **unexpected costs**: rainy-day funds, money cushions, or emergency savings.

But regardless of what they are called, these **emergency funds** are very important in dealing with **unexpected costs**.



PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 3: UNEXPECTED COSTS

While most unexpected costs are unavoidable because of factors outside of our control, others can be avoided through practicing personal responsibility.

Discussion Questions:

- **Have you ever lost an item that you or your family had to replace?**
 - *Possible answers: glasses, backpack*
- **Have you ever wasted money or missed out on an opportunity because you forgot a deadline or had to pay a late fee?**
 - *Possible answers: overdue library book, sports team application*
- **Have you ever purchased something that you later regretted buying because you could have spent the money on something else you wanted or needed more?**
 - *Possible answers: bought a game and then couldn't go to the movies with friends, bought candy and then didn't have bus fare*

Personal responsibility and thinking ahead play a huge role in avoiding lots of **unexpected costs**. Taking care of our belongings (clothes, toys, sports equipment) and saving (setting a certain amount of money away every week, month, or year) are just two of the many ways that we can all practice **personal responsibility** to avoid or be prepared for some **unexpected costs**.

Here is a list of some additional ways:

- Perform maintenance on your car or bike to avoid larger mechanical problems down the road
- Double check directions before you go on a trip to save time and gas
- Eat healthy snacks and foods to avoid cavities and negative health effects
- Avoid dangerous situations such as rough housing or fighting

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 3 ACTIVITY: **EXPECTING THE UNEXPECTED**

What you will need for this activity:

- Individual budgets
- Art supplies*

As of today, your organization has decided to “beef up” its security measures. The organization is now requiring that all kids must purchase a new form of identification to access its activities and other resources.

For this project, the kids will be making cards, bracelets, or necklaces that will cost them a total of \$10 and act as their new identification.

*Based on what you have available, allow the youth to personalize their new identification item with the following:

- Markers
- String, lanyard, or ribbon
- Beads
- Construction paper
- Be creative and come up with your own decorative items!

Make the project fun, but liken the concept to an **unexpected expense** that they may run into in the future (i.e. you lose your lunch money, your car breaks down, your backpack breaks and you need to buy a new one).

Through dealing with the result of an unexpected, but necessary and unavoidable cost, each kid should begin to realize the impact of a situation like this and understand the importance of saving up an “emergency fund” for similar occasions.

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 3 ACTIVITY: **EXPECTING THE UNEXPECTED**

After the youth are finished designing and personalizing their new identification item, deduct each of their “bank” funds by \$10.

Then have each kid adjust their budgets. Take some time to review each child’s budget to make sure they are on the right track.

COACHING TIP: If a kid budgeted too much of their money before this unexpected cost of \$10, they may need to add some additional income or remove a want item from their budgets. Help them decide which item(s) can be removed to create more space or savings in their budget!

Let’s take a look at our student example on the following pages.

You’ll notice that they’ve added the \$10 identification item expense to the “week 3 actual” row. Everything else in week 3 remains the same though, leaving them with \$14 going into the final week.

In the final week, they’ve added \$1 in **income** and given up a **want** cost, saving them \$6. This brings their total money left over at \$10, which is enough to buy one of the prizes announced in Lesson 1.



PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 3 SAMPLE BUDGET

Starting: \$100	Mon.	Tues.	Wed.
Week 1 Expected	Membership Fee: -\$15 Sports Fee: -\$10 Snack: -\$1 Extra Arts and Crafts Time: -\$5	Snack: -\$1 Helping a Peer With Homework: +\$1	Snack: -\$1 Candy Bar: -\$3
Week 1 Actual	Membership Fee: -\$15 Sports Fee: -\$10 Snack: -\$1 Extra Arts and Crafts Time: -\$5	Snack: -\$1 Helping a Peer With Homework: +\$1	Snack: -\$1 Candy Bar: -\$3
Week 2 Expected	Snack: -\$1	Snack: -\$1 Extra Video Game or Activity Time: -\$5	Snack: -\$1
Week 2 Actual	Snack: -\$2 Helping a Peer With Homework: +\$1	Snack: -\$2 Extra Video Game or Activity Time: -\$6	Snack: -\$2 Cleaning a Room: +\$4
Week 3 Expected	Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1	Snack: -\$2
Week 3 Actual	Snack: -\$2 Organization I.D.: -\$10	Snack: -\$2	Snack: -\$2 Cleaning a Room: +\$4
Week 4 Expected	Snack: -\$2 Cleaning a Room: +\$4	Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1
Week 4 Actual			
TOTAL			

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

Thurs.	Fri.	Expenses	Income	Balance
Snack: -\$1 Cleaning a Room: +\$4	Snack: -\$1	-\$38	+\$5	\$67
Snack: -\$1 Cleaning a Room: +\$4	Snack: -\$1	-\$38	+\$5	\$67
Snack: -\$1	Snack: -\$1	-\$10	\$0	\$57
Snack: -\$2	Snack: -\$2	-\$16	+\$5	\$46
Snack: -\$2 Cleaning a Room: +\$4	Snack: -\$2 Extra Arts and Crafts Time: -\$6	-\$16	+\$5	\$35
Snack: -\$2 Helping a Peer With Homework: +\$1	Snack: -\$2 Extra Arts and Crafts Time: -\$6	-\$26	+\$5	\$14
Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1	-\$10	+\$6	\$10
				\$10

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LESSON 4: **PLANNING FOR YOUR FUTURE**

Key Points:

- Even if we are responsible, some expenses (like buying a house) would still require us to save for many years.
- We can grow our savings faster by putting our money in a bank account that offers **interest** (additional money over time).
- We can also borrow money, but it comes with an additional cost, **interest** (similar to a fee), over the time it takes us to repay the money. Borrowing responsibly helps us avoid paying more interest than necessary.

One of the most difficult things concerning money is saving, planning, and staying “on budget” (or on track) in order to reach long-term goals. But the good news is that we have been working hard on our budgets and saving towards short-term goals, so you already know much of what you need to know.

For example, just like it is fine to eat sweets in **moderation** as long as you are getting all of your essential vitamins and nutrients from other foods, spending money on **want costs** vs. **need costs** is the same way! It is fine to spend your money on **want costs**, as long as you have enough money after purchasing your **need costs** and putting money aside for your **savings** goals.

And while we cannot control changes in price or sometimes have **unexpected costs**, we can prepare by setting aside emergency funds so that we can still meet our needs and achieve our financial goals.

Today, let’s talk about our long-term goals and how to reach them.

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 4: **PLANNING FOR YOUR FUTURE**

Discussion Questions:

- **What are some past goals that you have set for yourself and how did you reach them?**
 - *Possible answers: I wanted to make the basketball team so I spent extra time practicing instead of playing video games; I didn't want to miss the school bus again so I started waking up 10 minutes earlier to allow enough time to get ready*
- **What are some of your goals for the future that might require a lot of money?**
 - *Possible answers: going to college, buying a car, buying a house, taking a nice vacation*
- **How long would you expect to save for something like that?**
 - *Possible answers: a year, 5 years, 10 years*
- **What are some ways that you have started or could start working towards these goals?**
 - *Possible answers: get a job, save up money, stick to my budget, borrow money*
- **What services do banks provide that can help you reach your long-term goals?**
 - *Possible answers: they keep our money safe, they help us keep track of our money in separate accounts (savings, checking, etc.), they help us grow our money by giving us interest on our savings accounts, they lend money*

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 4: **PLANNING FOR YOUR FUTURE**

When we created our budgets, we included both expected expenses and expected income. Banks are a place where we can deposit our income and other money, and track it through different accounts.

Many people use a **checking account** to manage money for living expenses (rent, utilities, groceries, etc.).

When you are planning for long-term goals, banks provide two main options for their customers:

1. **Saving** - You can save extra money in a savings account that will earn **interest** on those funds over time.
2. **Loans** or **Credit** - If you need more money for larger purchases (car, house, school, etc.), you can borrow money from the bank now and pay that money back over a period of time, but you have to repay the money with **interest**.

What is interest and how does it work?

Interest is a payment (similar to a “fee”) in exchange for the use of money over time. You can earn interest by lending your money to a bank or you pay interest when you borrow money from a bank.

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 4: **PLANNING FOR YOUR FUTURE**

How can we grow our savings through a bank?

Say your bank offers 2% interest per year on your savings account, and you deposit \$100.

Once you put money into the bank, the bank pays you interest on that money over time. That's because the bank is actually "borrowing" that money from you temporarily.

So if you left your \$100 in that savings account for one whole year, you would have \$102 at the end of the year. However, if you took that \$100 out of the savings account halfway through the year, you would only have \$101.

You can always take out of your savings account what you put into it, but saving your money for a longer time allows you to collect more interest from the bank.

What if it will take us too long to save the money needed?

We've discussed how important it is to save money before making a purchase. But sometimes you need to purchase an item today that may take years to save for ahead of time. Maybe you want to buy a house or go to college. Or maybe you need a car to get to work.

You can borrow money by taking out a loan or using **credit**. Loans are a one-time agreement to borrow a fixed amount of money for a set amount of time. **Credit** is an ongoing agreement where you can borrow up to a certain amount at any given time, such as with a credit card. In both cases, you agree to repay the borrowed money PLUS **interest**.

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 4: PLANNING FOR YOUR FUTURE

Let's look at a simple example of a situation where an individual could choose to borrow money to buy something now or save up money to buy it later.

EXAMPLE:

John is 16 years old and wants to buy a car to drive to school and work. John has his eye on a car that costs \$2,000.

His mother has offered to lend him the \$2,000 required for the purchase now, with the understanding that John will pay back the \$2,000 with 10% interest to her within two years.

John knows that, based on the money that he currently earns at his afterschool job, it would take him about one year to save up the \$2,000 he needs to buy the car.

COACHING TIP: You can download the chart below with *HCHC: Financial Literacy* resources at RipkenFoundation.org/Resource-Portal.

Depending on the age and skill level of your group, you can also draw the chart below on a board and ask the kids to help fill in the answers.

What option would you choose if you are John?

	Option #1 (Borrow money)	Option #2 (Save money)
Payment Strategy	Borrow \$2,000 from his mom and pay it back over 2 years	Don't borrow money , save earnings for 1 year
Waiting Time?	None (the car can be purchased right away)	1 year (John must wait to save up money)
Interest Involved?	Yes = 10%	No
Total Cost (with interest)	\$2,215 (\$2,000 loan, plus about \$215 interest)	\$2,000 (all savings, no interest)

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 4: PLANNING FOR YOUR FUTURE

Interest Concept Breakdown:

1. **A bank pays interest to people who put their money in it.** The money people put into savings accounts is how the bank gets money to lend out in the form of a loan or credit.
2. **A bank charges people interest for borrowing money from it.** The interest that borrowers pay on loans or credit is where the bank gets the money to pay the interest on savings accounts.
3. **Interest rates are a percentage over time.** This means that how much additional money (interest) is paid to the lender depends on the original amount borrowed and how long it takes to pay it back.

START

You have money that you do not currently need and decide to put it into savings

You put money into the bank, which agrees to pay you 2% interest on your money

The bank lends your money to someone else who agrees to pay the bank interest on the money

YOU

BANK

OTHER PERSON

FINISH

You can take your money out of the bank or keep it in the savings account and continue to earn interest

The money you put into the savings account earned interest at 2%, so you have more money in the account than you put in originally

The other person pays the money back to the bank, with interest, over the time they agreed to with the bank

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 4 ACTIVITY: **PLANNING FOR YOUR FUTURE**

What you will need for this activity:

- Prizes offered during Lesson 1 of the Financial Literacy Edition
- Your “bank” records (our tracking sheet or whatever you have been using)
- Each kid’s budget
- Blank paper
- Pencils, crayons, or markers

Over the past four weeks, your kids have learned a lot about financial responsibility. Hopefully, with your assistance, they’ve learned what it takes to budget and save their money for something they really want.

This is the time that they can finally cash in on all their hard work. Based on what you offered as prizes, allow the kids to purchase what they saved up for. Here was our example from the “Game Plan” below:

Ice cream party - \$30 (group)
Opportunity to choose next week’s activity or sport - \$15 (individual)
T-shirt - \$10 (individual)
Baseball - \$3 (individual)
Keychain - \$2 (individual)
Notebook - \$2 (individual)
Opportunity to choose a silly outfit for the coach to wear one day - \$25 (group)
Be creative! Come up with your own!

In our example, this student was able to save \$10. See the following pages for the final sample budget.

Because they were able to save \$10, this student was able to buy a t-shirt to take home with them. Through their hard work and sacrifice, they achieved their goal of getting a new shirt!

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LESSON 4 SAMPLE BUDGET

Starting: \$100	Mon.	Tues.	Wed.
Week 1 Expected	Membership Fee: -\$15 Sports Fee: -\$10 Snack: -\$1 Extra Arts and Crafts Time: -\$5	Snack: -\$1 Helping a Peer With Homework: +\$1	Snack: -\$1 Candy Bar: -\$3
Week 1 Actual	Membership Fee: -\$15 Sports Fee: -\$10 Snack: -\$1 Extra Arts and Crafts Time: -\$5	Snack: -\$1 Helping a Peer With Homework: +\$1	Snack: -\$1 Candy Bar: -\$3
Week 2 Expected	Snack: -\$1	Snack: -\$1 Extra Video Game or Activity Time: -\$5	Snack: -\$1
Week 2 Actual	Snack: -\$2 Helping a Peer With Homework: +\$1	Snack: -\$2 Extra Video Game or Activity Time: -\$6	Snack: -\$2 Cleaning a Room: +\$4
Week 3 Expected	Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1	Snack: -\$2
Week 3 Actual	Snack: -\$2 Organization I.D.: -\$10	Snack: -\$2	Snack: -\$2 Cleaning a Room: +\$4
Week 4 Expected	Snack: -\$2 Cleaning a Room: +\$4	Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1
Week 4 Actual	Snack: -\$2 Cleaning a Room: +\$4	Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1
TOTAL			

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Thurs.	Fri.	Expenses	Income	Balance
Snack: -\$1 Cleaning a Room: +\$4	Snack: -\$1	-\$38	+\$5	\$67
Snack: -\$1 Cleaning a Room: +\$4	Snack: -\$1	-\$38	+\$5	\$67
Snack: -\$1	Snack: -\$1	-\$10	\$0	\$57
Snack: -\$2	Snack: -\$2	-\$16	+\$5	\$46
Snack: -\$2 Cleaning a Room: +\$4	Snack: -\$2 Extra Arts and Crafts Time: -\$6	-\$16	+\$5	\$35
Snack: -\$2 Helping a Peer With Homework: +\$1	Snack: -\$2 Extra Arts and Crafts Time: -\$6	-\$26	+\$5	\$14
Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1	-\$10	+\$6	\$10
Snack: -\$2	Snack: -\$2 Helping a Peer With Homework: +\$1	-\$10	+\$6	\$10
				\$10

PERSONAL RESPONSIBILITY & FINANCIAL LITERACY

LESSON 4 ACTIVITY: **PLANNING FOR YOUR FUTURE**

CHALLENGE FOR THE FUTURE!

With the time you have remaining, challenge the kids to think of something they want to save up for in the future.

It could be something short-term:

Arts and crafts kit
New basketball
New shoes
Video game

Or it could be something long-term:

College
House
Car

Whatever it is, have them draw a picture of their goal and a plan to obtain it.

Encourage the kids to hang them in a visible place at home or at your location as a reminder to help keep them on track.



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REINFORCING THE LESSONS

"Perfect practice makes perfect." – Cal Ripken, Sr.

Much like anything else in life, financial stability and self-sufficiency revolve around an individual's ability to think critically and make informed decisions. While every person has the choice to be financially responsible, it is up to us as adults, coaches, mentors, and teachers to lead the way.

Continue looking for ways to reinforce the lessons learned and ensure youth continue to practice personal responsibility through choosing to be informed on important life topics, taking responsibility for their actions, planning ahead, and continuing to make healthy and positive life choices.

Through the lens of financial literacy, this can be as simple as asking, "Is this purchase a want or a need?" the next time one of your kids is about to make a purchase. Or when they talk about wanting a new game or new shoes, you can ask them how they plan to save for these items.

Remember, finances can be a delicate topic and often involve factors outside of our control. We can't ensure that our kids will hit every ball out of the park, but we can prepare them to handle whatever life throws their way. It starts with you, so set the tone and make it fun!

WRAP UP

RESOURCES

In addition to **RipkenFoundation.org**, here are some resources that might be helpful in your work with youth.

Financial Literacy Resources for Kids

powermylearning.com/directory/your-life/finances
usmint.gov/kids/teachers/financialliteracy
kidmoney.about.com

Financial Literacy Resources Aimed at Adults

ftc.gov/bcp/edu/microsites/moneymatters
investopedia.com

Fun Games

playworks.org/games
gameskidsplay.net
kidshealth.org
letsplay.com
familyfun.go.com/playtime

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CONNECT WITH US

You are on the front lines, empowering kids in your community each and every day. You're there through life's challenges, just as Cal Ripken, Sr. was for his kids and his players: teaching them how to make the best of every situation, leading by example, and encouraging them to reach their full potential in life.

At the Cal Ripken, Sr. Foundation, we see our role as supporting you in this shared mission.

Visit our website RipkenFoundation.org to learn more.

Visit our Resource Portal Section for more free activity resources.

Join the conversation:



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**The Cal Ripken, Sr. Foundation helps
build character and teach critical life
lessons to at-risk young people living in
America's most distressed communities.**



TRANSFORM COMMUNITIES
CHANGE KIDS' LIVES

RipkenFoundation.org