

Basics of Building Wealth Outline

Always encourage your students to take notes. Also, remember to leave yourself 5 minutes before the end of class to go over the post test and collect them!

Overview of last week

Review Last week's Terms: Write terms on the board/ Ask students to volunteer the definitions. **(10 minutes max)**

- What is a **Credit**?
 - i. Trust between consumer and lender
 - ii. The ability to borrow money in order to pay for goods and services
 - iii. Easy money
 - **Who are the three Major credit Bureaus of the United States?**
 - i. Equifax, Experian, and Transunion
 - **What do creditors consider before giving you a loan or credit cards? It's a number!**
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I. Building Wealth - Page #2(Spend 30 Minutes on sections I-IV)

- A. Instruct your students to view the images of the two families on Page #2. Ask them to tell you, in their opinion, which of the two families are wealthier. Get several responses from your students and right them on the board.**
- B. Have students turn to Page #3 and reveal which family is the wealthiest. Take a moment to go over this chart which helps to explain the outcome.**
- C. As for a volunteer to read "Lesson Learned" out loud. If no one volunteers then pick someone.**

II. Making Financial Goals- Page #4

A. Read for the students the first two paragraphs and ask them to follow you.

B. Types of goals

- 1. Write on the board the three types of goals.**
- 2. Under the heading of each goal type write examples that are provided.**
- 3. Goal Activity: Page #4**
 - i. Tell the students to write three of their own short and long term goals.**
 - ii. Give them about 1-2 minutes to complete. Then ask for volunteers to share some of their goals with the class.**
 - iii. Emphasize that goals can change based on time. You can also just read the paragraph under Review your list-Page #4.**

C. At Home Activity- Goal Setting Worksheet Page #5

- 1. Ask students to take complete this sheet at home with their family.**
- 2. Explain that the best way to build wealth is to Save money, Plan for Retirement and Invest. **THIS****

IS A QUESTION ON THE POST COURSE QUESTIONAIRE.

III. Investing Basics - Page #6

Before beginning this section, ask if any students have experience with investments. If so, ask them what types of investments they have made. If no one has, just continue onward.

A. The Basics

- 1. Write the terms Capital Gain and Capital Loss on the board. Ask the students to repeat these words after you.**
- 2. You can then ask a student to read aloud the paragraph explaining these two terms.**

3. Write this example on the board for students -(numbers only)

- i. Let's assume you purchase 100 shares of Sony International for \$1 per share. That means you invested \$100. After three months, the share price increases to \$5. This means the value of the investment has increased from \$100 to \$500, for a capital gain of \$400. $\$500$ (increase) - $\$100$ (Original Investment)
- ii. Let's assume you purchase 100 shares of Sony International for \$1 per share. That means you invested \$100. After three months, the share price decreases to \$.50. This means the value of the investment has decreased from \$100 to \$50, for a capital loss of \$50. $\$50$ (decrease) - $\$100$ (Original Investment) = - \$50.

iii. The term Shares will be covered on another page. Just keep going.

B. Savings and Investing *Page #6*

1. Go over the chart that demonstrates the difference between savings and investing highlighting the major differences in each box.

C. Power of Compounding- *Page #7*

1. Read the 1st sentence for the students
2. Ask for a student to read the three bullets aloud under "What is compounding".
3. Emphasize the last bullet about investing as soon as you can. Go over the chart on this page reading the information at the top of the chart. This is only to show that long term saving/investing with compounding helps their money grow faster/larger. No need to go into much detail about the numbers exactly.

D. Types of Investments- *Page #8*

1. As you approach each heading, have students repeat the "Types" after you.
2. Ask for volunteers to read 2-3 bullet points under each heading.
3. When you reach the bottom of *Page #9* explain the graphic by reading the sentence underneath.
4. Explain that the best type of investments are the ones the investor is most comfortable with. **THIS IS A QUESTION ON THE POST COURSE QUESTIONNAIRE.**

IV. The Rule of 72- *Page #10*

A. We want to keep this section light. Explain that this is an example that will give them an idea of how long it will take to double their investments.

B. Activity:

1. Mutual Fund earns 6% = 12 years
2. Certificate of Deposit 2% = 36 years

C. How to Get Started with Investing- *Page #10*

1. Inform the students that there are 3 basic steps before investing
2. Have one student read all three lines.
3. After line one is read, give an example in numbers of what 6 months saved could look like for someone (e.g. \$2300 month expenses, one should have \$13800 saved before investing).
4. When you read line 3 have students repeat the word commitment.
 - i. Explain that commitment means a promise to do or give something. : a promise to be loyal to someone or something.
5. Next have students look at the chart above this section which shows levels of commitment for each bucket of water which also demonstrates the type of investments that require a certain level of commitment.

Ask Students if they have any questions about investing. If no questions, begin the next section. Explain that one of the reasons people make investments is in order to help them prepare for retirement.

V. Planning for Retirement- *Page #11* (Spend 25 minutes on this section)

A. The Basics

1. Ask students to repeat the word retirement after you.
2. Offer a brief overview about the meaning of the word retirement.
3. Ask for volunteer readers to read the sentence before the bullet points and then the bullet points.

B. Types of retirement sources- *Page #11*

1. Explain that this chart demonstrates the different sources that a person can earn money during their retirement.
2. You read the "Money Source" and ask a student to read the description.
3. After Employer benefits, ask if any student currently receives this benefit from their employer.
4. When you reach Social Security Benefits, make sure to share the information about the 2016 average. Remind the students to consider their expenses and to remember that the older we get the more healthcare we will need and that costs money.

C. Types of Retirement Plans - *Page #12*

Some of your students, or all, may not be employed yet. If no one is employed, inform them that once they have employment to check with their human resource department about their retirement benefits. This is an overview of each type of plan.

1. Read for the students 401 K Plan section
2. For the IRA it's most important that they understand that this is a personal retirement account that the student opens on their own, not through their employer.
3. Also explain that many small business owners/independent contractors consider IRA's for their retirement source. Also that it can be opened in addition to an employer's 401K.
4. Read the first paragraph for the students .
5. Explain that SEP is another option for self employed people. *Page #13*

D. Starting Early

1. Have a student read the Helpful Tips on *Page #13*.
2. Go over the example of Anna and Tomas at the bottom of *Page #13*.
3. This example is only to demonstrate how saving for retirement early can increase the amount of money a person will have for retirement, versus starting later in life. However, emphasis, if someone does start later in life it is ok, and to start as soon as they can. **THIS IS A POST COURSE QUESTION!**
4. Also explain that this example uses compounding interest.

E. What Affects My Retirement Plans- *Page #14*

1. You can briefly cover the headings of 1-3 in your own words.
2. Line #4 write the word Inflation on the board and have the students repeat after you.
3. Next you can explain that this means that their money today, will not buy as much in the next few years.
4. Refer to the image on *Page #14* that demonstrates what \$20 bought in 1976 vs. 2016
5. Explain again that this is important to retirement savings because the cost of goods and services will increase.

F. Who can Help You with Your Retirement Plans

1. You can reiterate lines 1-3 as it is simply a reminder of who can help them with their retirement planning.

Ask Students if they have any questions about retirement.

If no questions begin the next section.

VI. Protecting Your Assets- Page #15 (Spend 20 minutes on this section)

At this time, ask students to give you examples of things people insure. Write the responses on the board. Then ask the students why do people insure things. Afterward continue onto Page #15.

A. The value of insurance

1. Have a student read the two sentences about insurance.
2. If they missed any of the listed "Things to insure", then add whatever they missed to the list on the board.

B. Car Insurance- Page #16

1. Either you or a student can read the 4 lines.

C. Health Insurance - Page #16

1. Why should I obtain Health Insurance?
 - i. Have students read aloud the following headings and bullet points.

D. What do you do if you don't have health insurance?

1. Have students follow you as you read off the list of places they can visit if they don't have health insurance.

E. Basic definitions for common insurance vocabulary - Page #17

1. Depending on the time, you can summarize these terms for the students.
2. When you get to deductible, explain what it means and then go over the example at the bottom of the page.
3. Have students turn to Page #18 and cover co insurance and co pay. Go over the difference between the co pay on the blue options card and the example of coinsurance.

F. Types of Health Insurance Plans

1. Ask the students if they understand the meaning of the different plans.
2. If you prefer, you can summarize each plan to save time.

G. Life Insurance - Page #18

1. Have a student read the sentence.

Ask Students if they have any questions about insurance.

Remind them if they want more information about their insurance option to reach out to the healthcare marketplace or an insurance professional.

Now the class is almost finished. Have the students turn to the last page of the book and complete the Post Test Survey. Read the questions out loud and read through the answers. When the students are finished have them tear off the sheet and hand it in to you. Then place them in the folder with the sign in sheet.