

EDUCATOR GUIDE

A LONG HISTORY

People Helping People.

Maine credit unions have a long history of providing financial education. Between volunteering to teach youth financial education in schools and hosting Financial Fitness Fairs, credit unions across the state collectively expose nearly 20,000 Maine students to financial literacy and money management concepts each year. Having long-believed the students of today are the community leaders of tomorrow, Maine credit unions recognize the importance of equipping the youth with the knowledge and skills they need to help them manage their money effectively.

Desjardins Financial Education Awards

CUNA created the Desjardins program to recognize leadership within the credit union movement on behalf of financial literacy for all ages. Naming the award after Alphonse Desjardins emphasizes the movement's longtime commitment to youth. Besides founding the first credit unions in Canada and the U.S., Desjardins pioneered youth savings clubs and in-school "banks," known as *caisses scolaires*. This award considers all activities supporting the personal finance education of members and non-members, including, but not limited to, face-to-face teaching using proprietary materials and curricula, as well as financial literacy leadership efforts.

In recognition of Maine credit unions' efforts, the Maine Credit Union League has been a consistent winner of the National Desjardins Youth Financial Education Award!



LESSON: **COMPARISON SHOPPING AND OPPORTUNITY COST**

Introduction: (5 minutes)

Greet the students. Tell them your name, describe what you do for work at the credit union, and share some fun information about yourself.

Explain to the students that you're here volunteering on behalf of your credit union, an organization that is happy to teach people of all ages about saving and spending money. Additionally, explain that your credit union is also a place where people can safely keep their money.



Volunteer Tips

When speaking to young students, they often do best when seated on the floor in a semicircle around you.


Ask the students to raise their hands when answering a question or if they have something to say.

Write your introduction notes and/or talking points here:

Discussion: (5 minutes)

With the students sitting at their desks, write the word “Budget” on the board. Ask the students to raise their hands if they think they know what a budget is. Call on a student raising their hand, and ask them to stand and share their thoughts.

After listening to the student’s answer, define a **budget** as:



Budget

A plan that estimates how much money will be spent and earned during a certain time period.


Explain that budgeting helps people control their spending and achieve their financial goals. Next, ask the students to raise their hands if they think they know how to create a budget. Call on a student raising their hand and ask them to stand and share their thoughts.

After listening to the student’s answer, tell the class that people create a budget by writing or typing down a list of all their expected income and expenses for the month.

Define **income** as:

Income

Money received during a period of time from working or other business activities. Define expenses as: Money spent during a period of time to pay for goods and services.



Explain that by writing down and tracking their estimated income and expenses, people can make sure they aren’t spending more than they earn each month.

Distribute the Maine Credit Unions Money Books and ask the students to turn to page 1. Tell the class that on page 1, they will learn what is needed to create a budget.

Discussion: (5 minutes)

Explain to the students that there are different ways to create a budget, but the steps needed to create one are all very similar. Have the students follow along in their Maine Credit Unions Money Book as you cover the steps.

1

Step 1: Gather Financial Paperwork

Explain that before anyone starts creating a budget, they need to collect all of their financial paperwork. This includes past paychecks, credit union or bank account statements, loan statements, and recent utility bills. Tell the students that utilities are services that help keep a home or apartment comfortable and functioning properly. Examples include electricity, heat, water, trash removal, and phone and internet services. By gathering recent financial paperwork and seeing where their money has gone in the past, they will be able to better estimate what they will be spending money on in the future.

2

Step 2: Calculate Income

Explain that the next step before creating a budget is writing down what their expected income will be for the month. If someone doesn't make the same amount each month, they should look back at past paychecks and write down the lowest amount they've earned recently. When someone is trying to spend less than they earn each month, it's better to estimate a lower income amount. If they estimate a higher amount and then end up earning less, they might end up spending more than they earned.

3

Step 3: Create a List of Monthly Expenses

Tell the students that the next step is for people to make a list of all of their expected monthly expenses. Next, they should decide whether each expense is a need or a want. If someone learned they'll be spending more than they earn after creating a monthly budget, they'll save money by cutting back on their wants. People would spend less on wants because wants are things that would be nice to have, but people can actually live without. Needs are things people must have in order to survive.

Explain that after completing these three steps, someone can start creating a budget. Tell the students that before they try creating a pretend budget of their own today, they'll need to complete the activity on the next page. Ask the students to turn their Maine Credit Unions Money Books to page 2.

Activity: (5 minutes)

INCOME VS. EXPENSES

Tell the students that on page 2 of the Maine Credit Unions Money Book, they will be deciding whether something is an **expense** or an **income**. Being able to tell the difference between the two is an important part of managing a budget. Tell the students you'll give them a few minutes to read each scenario and write down whether they think it's an expense or income.

While the students are completing the activity, walk around the room. If a student looks like they are stuck or need assistance, help them get started by going over one of the scenarios with them. After a few minutes or if every student has completed the activity, review the correct answers with the class.

NOTE:

Before revealing the answer to each scenario, ask the class to raise their hands if they're willing to share their thoughts.

After listening to a student's answer(s), reveal the correct answer to the class.



Getting \$15 for mowing the neighbor's lawn:

INCOME



Buying an ice cream for \$5:

EXPENSE

A cartoon illustration of a girl in a pink shirt washing dishes in a sink. A large green number '3.' is to the left.

Getting \$10 for completing your weekly chores:

INCOME



Going to the arcade to play games for \$20:

EXPENSE



Going to the movies for \$10:

EXPENSE

Thank the students for participating and have them turn their Maine Credit Unions Money Books to page 3.

Activity: (10 minutes)

Tell the students that on page 3 of the Maine Credit Unions Money Book, they will be brainstorming additional ways to earn income and thinking about other expenses they may have. Explain that they will have to write down three examples of income and three examples of expenses. After writing down the example, have the students write down how much they think their example would either earn or cost them.

After the students have completed the activity, ask them to raise their hands if they're willing to share their examples with the class.



INCOME VS. EXPENSES



What Other Examples of Income and Expenses Can You Think of?

Can you think of other ways to earn income? Can you think of other expenses you may have? If so, write these examples of each below:

Other Ways to Earn Income:

1. _____
2. _____
3. _____

Other Expenses You May Have:

1. _____
2. _____
3. _____

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First, ask if anyone is willing to share examples of ways to earn income. Either call on some students raising their hands or ask students at random. Write their ideas on the board--continuing until you have a list of five or more.

Next, ask if anyone is willing to share examples of other expenses. Either call on some students raising their hands or ask students at random. Write their ideas on the board--continuing until you have a list of five or more.

Thank the students for participating and then turn their Maine Credit Unions Money Books to page 4.

Activity (15 minutes)

Tell the students that on page 4 of the Maine Credit Unions Money Book, they will be creating and balancing a budget. Tell the students the following:

Help Jake With His Budget

Jake needs help creating a monthly budget. Jake wants to make sure he's spending less than he earns each month--that way he's able to pay all of his bills and save money for future financial goals. He gathered his financial paperwork, calculated his income, and created a list of his monthly expenses. Now he needs your help to make sure his expenses don't add up to more than his income. Here is what we know:






- After taxes and benefits are taken out of the paycheck, Jake takes home \$2,500 per month from working at his job. He also mows his neighbor's lawn for \$20 a week, earning him an extra \$100 per month.
- Jake rents an apartment for \$1,000 per month. Jake pays for electricity, internet, and water at the apartment, which usually means his utility costs are around \$300 each month.
- On average, Jake spends \$300 a month on groceries.
- Jake has a car loan and auto insurance he pays for as well. Between the car loan, insurance, and gas, his transportation costs are around \$600 per month.
- Jake is a member of a local gym. He sometimes works out at the gym, but he sometimes just works out at home. The cost of his monthly gym membership is \$30.
- Jake's TV still works, but he's hoping to buy a newer and bigger one this month for \$300.
- Jake enjoys going to the movie theater once a month to watch newly-released films. The cost of a ticket is usually around \$10.
- A video game that Jake has been waiting for is finally releasing this month. He can't wait to play it! The cost of the video game is \$60.
- Jake went to college for four years and needed to borrow money to pay for his tuition. He now pays student loans each month, which costs him \$250.
- Jake is also saving money so that he'll be able to go on vacation. He saves \$100 per month.












Activity (15 minutes) *continued*

Tell the students that with the information they just learned about Jake, they have to help him create a budget on the next page. Explain that on page 5, they will need to write in Jake's income and all of the expenses he either needs or wants to pay for this month.

Tell the students that in order for it to be a successful budget, Jake needs to spend less than he earns this month. Jake's monthly income minus his monthly expenses will determine how much money is left over. Explain that if Jake is spending more than he earns, he'll have to cut some costs to make sure he doesn't go into debt. Remind the students that when cutting costs, wants should be cut before needs. This is because needs are things someone must have in order to live.

Explain that they have around 10 minutes to complete the monthly budget. While the students are working, walk around the room. If a student looks like they are stuck or need assistance, help them through filling in part of the budget sheet.

INCOME		
	Paycheck (Take-home pay)	\$2,500
	Additional Income	+ \$100
	Total Income	\$2,600

EXPENSES	COST	NEED OR WANT?
 Rent	\$1,000	Need
 Utilities	+ \$300	Need
 Groceries	+ \$300	Need
 Transportation	+ \$600	Need
 Gym membership	+ \$30	Want
 New TV	+ \$300	Want
 Going to the movies	+ \$10	Want
 New video game	+ \$60	Want
 Student loans	+ \$250	Need
 Savings	+ \$100	Need
 Total Expenses	\$2,950	

MONEY LEFT OVER		
	Total Income	\$2,600
	Total Expenses	- \$2,950
	Total Left Over	-\$350

After the students have finished adding up Jake's monthly expenses, they'll learn that he's projected to spend \$350 more than he earns.

In order to avoid going into debt, Jake will need to cut some costs.

By cutting out all of the wants, Jake ends up with \$50 left over.

Lastly, explain that Jake would be able to survive this month even if he didn't put money away for savings. However, saving is considered a need because it's helping him invest in his long-term financial goals and personal well-being.

Thank the students for participating and have them turn their Maine Credit Unions Money Books to page 6.

Activity (5 minutes)

Tell the students that on page 6 of their Maine Credit Unions Money Book, they will be setting a savings goal. Explain that someone's income usually doesn't afford them everything they need and want. Much like with Jake, who had to cut out the wants on his budget sheet, as his income wasn't enough to pay for all his wants after he paid for all his needs.

Ask the students to raise their hands if they get an allowance or money from doing chores. Call on a student raising their hand and ask them if the money they earn is enough to pay for everything they need and want.

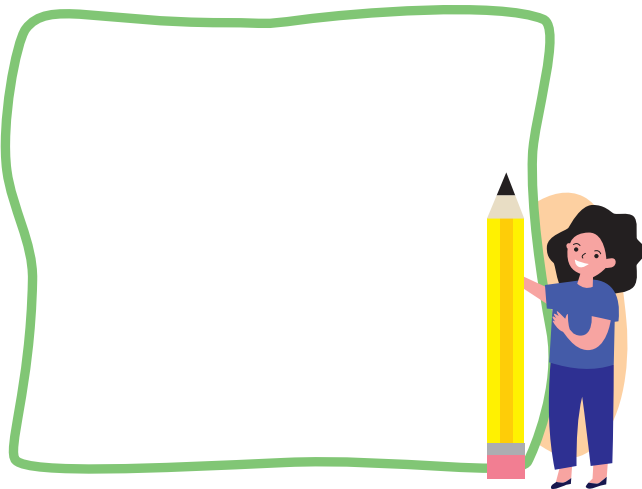
Explain that in order for people to pay for wants and larger expenses, people need to start saving their money. For example, let's say Jake really wants to go on vacation, but it will cost around \$1,000. Jake can't afford to spend an extra \$1,000 because of all his other expenses. However, on Jake's budget sheet, he saves \$100 per month. Eventually, those savings will add up and he'll be able to go on vacation?



Ask the students to raise their hands if they know how long Jake would have to save for if he continues to put \$100 away per month. Call on a student raising their hand and ask them to share the answer with the class.

What Do You Want to Save Money For?

Draw a photo of something you want to save money for. After you've finished your photo, write a paragraph about where you'll get the income, how much you'll need to save, and how long it will take you to save for what you want.



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Jake would have to save for 10 months in order to have \$1,000 for his vacation.

Next, ask the students to draw a photo of something they want to save money for. Under the drawing, have them write a paragraph about where they'll get income, how much they will save, and how long it may take them to save for what they want.

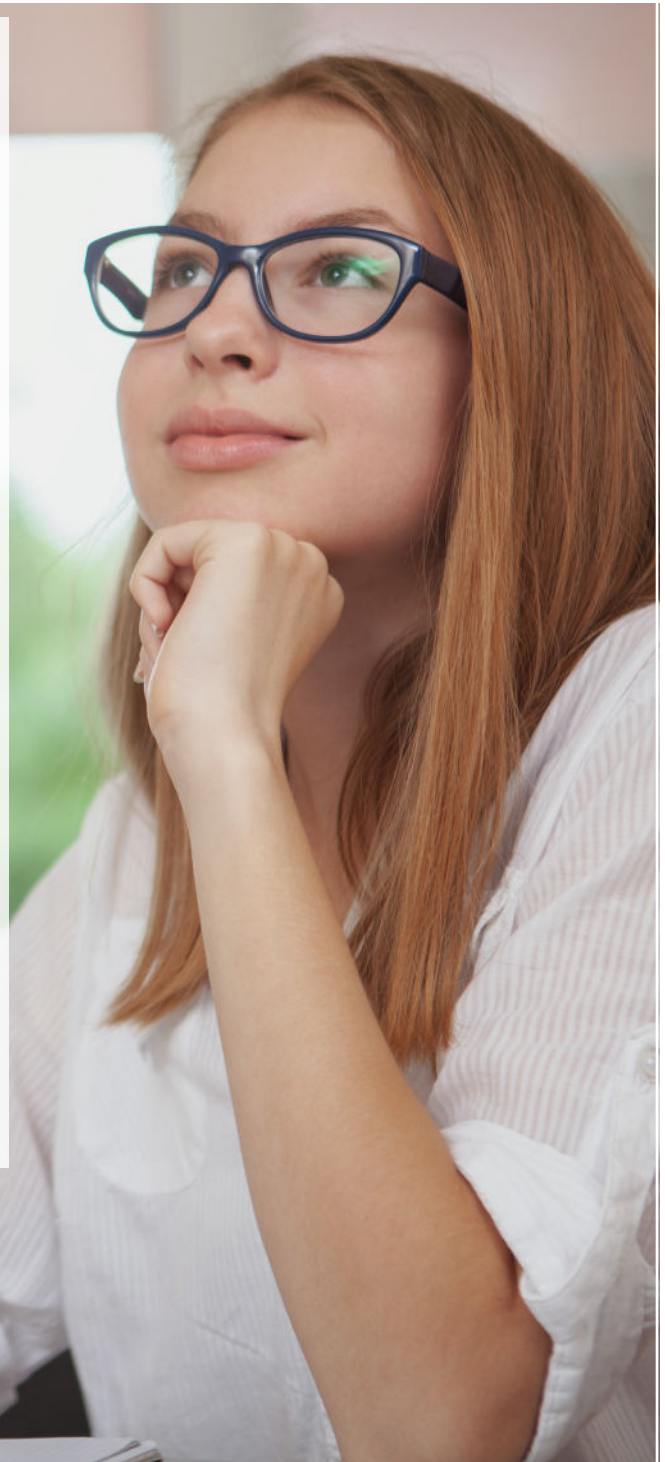
After the students have finished their drawing and paragraph, thank them for participating and encourage them to share their Maine Credit Unions' Money Books at home.



LOOKING AHEAD

Middle School

In this upcoming lesson, students in middle school will participate in a detailed monthly budget simulation, where they'll gain insight into what their lives may look like right after school. They'll choose from a list of careers and will be faced with making spending decisions that will dictate their method of transportation, their housing, if they'll need to pay students loans, and more. It will be hands-on, insightful, educational, and even fun!



THANK YOU, CREDIT UNION VOLUNTEERS!

Your time and commitment to financial education are important and appreciated.