WELCOME!
JUNE 24, 2020
TRACY GODAT, EXECUTIVE DIRECTOR
Why do we exist?

2004: Legislation established the Financial Literacy Public-Private Partnership (FLPPP)

2009: Legislation renamed FLPPP to the Financial Education Public-Private Partnership (FEPPP)

2011: Legislation encouraged school districts to adopt the National Jump$tart Standards in Personal Finance

2015: The legislation directs OSPI to integrate National Jump$tart Standards

2016: FEPPP facilitated in partnership with OSPI adoption of Washington State Financial Education Learning Standards
Who are we?

- FEPPP was created by the legislature to bring together public and private stakeholders
- FEPPP’s primary role is to promote personal financial education
- FEPPP is administratively housed at OSPI
- FEPPP provides professional development opportunities at no cost
- FEPPP provides instructional material at no cost
Questions?
Follow us on Twitter: FEPPP@WA_FEPPP
Tracy Godat, Executive Director FEPPP
tracy.godat@k12.wa.us
www.feppp.org
Novice Personal Finance Professional Development Program

Financial Education Public-Private Partnership
Washington Council for Economic and Financial Education
Department of Financial Institutions
Why Financial Education

• Providing Life Tool that will enable them to have control over their financial lives
• Especially important day
Safety Net Programs
Program

• Designed to introduce you to lessons that can be
  • Introduced at any point in time
  • Teach across the curriculum
  • You will have determined how to convert them to virtual/home use before the school year begins
Financial Education Public-Private Partnership
Setting the Washington Agenda for Financial Education

Earning An Income K-2
Financial Education

The K-2 Way
Earning an Income

The K-2 Way

Lesson 2, Activity 2, exercise 2.1

Washington State Standards

**Kindergarten**
1. List tasks that an adult does at a job.

**First Grade**
1. Identify the different skills, training, and tools required by different jobs.

**Second Grade**
1. Recognize that different jobs require different skills, training, and tools.
2. Give examples of careers related to a personal interest.
3. Recognize that people form businesses to meet customers' needs while generating income for themselves.
Penny’s New Business

Please see Story 2 on your flash drive
CONCEPTS:
Capital resources, Economic wants, Entrepreneurs, Goods, Human capital, Human resources

Task:
Construct Busy Town, a model business community. Using a puzzle introduce the concept of entrepreneurship and its relationship to the resources used to produce goods and services.
What is missing in Busy Town?
1. Design your business.

2. Do you provide a product or service?

3. Where should your business go?

4. Create a business card highlighting your business.
Let’s Get Moving…

Scavenger Hunt

Geometry Scavenger Hunt

During your break, see how many of these shapes you can find in your home. Write down what you find. You may only use an item one time. How many can you find?

1. Acute Angle
2. Cube
3. Cylinder
4. Hexagon
5. Intersecting Lines
6. Isosceles Triangle
7. Obtuse Angle
8. Octagon
9. Oval
10. Parallel Lines
11. Pentagon
12. Perpendicular lines
13. Pyramid
14. Quadrilateral with unequal sides
15. Rectangle
16. Rhombus
17. Right Angle
18. Scalene Triangle
19. Square
20. Triangle
Money Lets Us Choose

The K-2 Way

Lesson 4
Activity 2

Washington State Standards

**Kindergarten**
1. Decide uses for personal funds.
2. Give examples of alternatives to activities that charge fees.
3. Given an activity, tell ways to reduce and avoid potential risks.

**First Grade**
1. Explain a spending decision based on predetermined criteria for an acceptable outcome and available options.
2. Explain how spending choices are influenced by price, advertising, the spending choices of others, and peer pressure.
3. State the consequences of spending decisions.
4. Identify the opportunity cost of a decision.

**Second Grade**
1. Predict how spending choices are influenced by price, advertising, the spending choices of others, and peer pressure.
2. Predict the consequences of spending decisions.
Oh, What to do?

Please see Story 4 on your flash drive
Charts Help Us Decide

1. Write Vest in Alternative 1 square
2. Write Bike in Alternative 2 square
3. Draw attention to the faces on the left side of the chart.
4. Explain that when we make decisions, we need to look at the good points called “benefits” and the bad points called “costs”.
5. Ask students if they think this chart tells them the right choice.

*Be sure they understand there is no right or wrong answer.
CONCEPTS:
Alternatives, Benefits, Choice, Costs, Decisions, Opportunity Cost, Saving, Spending

Task:

Make a money pocket decision apron. This activity allows the students the opportunity to create a decision matrix that can be used in all areas of the curriculum and life. Students will walk away knowing how to weigh costs and benefits and understand the process of relating choices to consequences.
Materials:
- Poster board
- Yarn
- Construction paper or pockets
- Stickers
- Post it notes or Note Cards
- Markers
Why We Save

The K-2 Way

Kindergarten
1. Sort coins and paper money by appearance and name
2. Share an experience about deciding not to spend money

First Grade
1. Explain how saving money can improve financial wellbeing.
2. Understand that different saving vehicles (e.g., pockets, piggy banks, banks, and credit unions) have different risks.

Second Grade
1. Differentiate between needs and wants.
2. Describe ways that people can decrease expenses to save more of their income.
CONCEPTS:
Banks, choices, deposits, economic wants, money, opportunity cost, saving, savings accounts, spending, withdrawals.

Task:
1. Our hands make our choices
2. Penny Strips
Spend or Save?

Please see Story 5 on your flash drive
Debriefing Questions

- What was the decision that Penny had to make?
- Why did Penny want a new vest?
- Why did Penny have to make a choice between the vest and the new bicycle?
Debriefing Questions

- What did Penny give up in order to save money for buying a bike later?
- What do you call the item that you have to give up when you make a choice?
Debriefing Questions

- Where do you think Penny should keep her money? Why?
- Do you recall what Penny learned about savings accounts, deposits, and withdrawals when she visited the bank with her mother?
I want to buy a new CD. My opportunity cost is going to see the new movie that just came out.
What is a five penny strip worth?

What coin can represent five pennies?

What do you think you could buy with the coins you have?

Attach the five cents to your clothing using the paperclip.
The happy kid is the child who did not get a paper clip.

That child will be receiving a daily allowance of five cents.
How long does the Happy Kid have to wait to get one of these?
Financial Fitness for Life®
Personal Finance Lessons for Grades K-12

Theme 1 Lesson 1:
Earning Income

The students play a guessing game, using clues to identify various occupations. They consider the education, skills, and talent required for those occupations, and in doing so, analyze the connection between human capital and wages. They learn that income is payment people receive for selling or renting their productive resources -- their labor, for example, or their special knowledge.

Visuals & Activities

Lesson 1 Activities

This lesson was designed to be used with the Student Workbook. For more information, visit our store.
Lesson 1: Earning Income

Activity 1.1 for this game.

Select a student to draw one of the cards and ask her or him to read the card to the class, one clue at a time. (Provide help in reading the clues as appropriate.) After each clue, call for volunteers from the class to guess the occupation being described. Make sure the student reading the clues does not tell others what the occupation is until it has been correctly guessed.
Lesson 1: Earning Income

Activity One: Occupation Card

- Both men and women do this job.
- People who do this job usually must get special training and pass a test in order to work.
Activity 1

- People who do this job use scissors, clippers, and combs.

- People who do this job may or may not have attended college.
Activity 1

- People who do this job need a special license from the state.

- People who do this job help others look nice and neat.
Activity One

- People who do this job work in a shop owned by someone else or own the shop themselves.

- People who do this job stand up to work.
Activity 1

- People who do this job have to mix formulas and read labels.

- People who do this job are barbers or hair stylists

- BARBER/HAIR STYLIST: Salary $25,760
Refer to Occupation Cards Lesson Sheet.
Jobs, Jobs, Jobs

Directions: Write your names on the line above and copy the occupation and salary from your card in the correct places. Then, using the clues from your card, work with your partner to answer the questions about the occupation.

Occupation: _____________ Salary: _____________

Questions:
1. After finishing high school, what type of education or training must this person have?

2. What special tools or equipment does this person use?

3. What special skills or talents must this person have? (For example: This person must be someone who likes to work with people.)

4. Name some good things about this job. (For example: People with this job get to help others.)

5. Name some difficult things about this job. (For example: People who do this job may have to help people who have been injured.)

Refer to Jobs, Jobs, Jobs Lesson Sheet.
Extension Activity

https://www.bls.gov/k12/students/careers/career-exploration.htm
Carpenters

Summary

Quick Facts: Carpenters

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Median Pay</td>
<td>$48,330 per year</td>
</tr>
<tr>
<td></td>
<td>$23.24 per hour</td>
</tr>
<tr>
<td>Typical Entry-Level Education</td>
<td>High school diploma or equivalent</td>
</tr>
<tr>
<td>Work Experience in a Related Occupation</td>
<td>None</td>
</tr>
<tr>
<td>On-the-job Training</td>
<td>Apprenticeship</td>
</tr>
<tr>
<td>Number of Jobs, 2018</td>
<td>1,006,500</td>
</tr>
<tr>
<td>Job Outlook, 2018-28</td>
<td>8% (Faster than average)</td>
</tr>
<tr>
<td>Employment Change, 2018-28</td>
<td>80,100</td>
</tr>
</tbody>
</table>

What Carpenters Do

Carpenters construct, repair, and install building frameworks and structures made from wood and other materials.

Work Environment

Carpenters work indoors and outdoors on many types of construction projects, from installing kitchen cabinets to building highways and bridges.

How to Become a Carpenter

Carpenters typically learn on the job and through apprenticeships.

Pay

The median annual wage for carpenters was $48,330 in May 2019.

Job Outlook

Employment of carpenters is projected to grow 8 percent from 2018 to 2028, faster than the average for all occupations. Increased activity in homebuilding and remodeling is expected to require more carpenters.
Software Developers

Summary

Quick Facts: Software Developers

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Median Pay</td>
<td>$105,590 per year</td>
</tr>
<tr>
<td></td>
<td>$50.77 per hour</td>
</tr>
<tr>
<td>Typical Entry-Level Education</td>
<td>Bachelor's degree</td>
</tr>
<tr>
<td>Work Experience in a Related</td>
<td>None</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
</tr>
<tr>
<td>On-the-job Training</td>
<td>None</td>
</tr>
<tr>
<td>Number of Jobs, 2018</td>
<td>1,365,500</td>
</tr>
<tr>
<td>Job Outlook, 2018-28</td>
<td>21% (Much faster than average)</td>
</tr>
<tr>
<td>Employment Change, 2018-28</td>
<td>284,100</td>
</tr>
</tbody>
</table>

What Software Developers Do

Software developers create the applications or systems that run on a computer or another device.

Work Environment

Many software developers work for firms that deal in computer systems design and related services, manufacturing, or for software publishers.

How to Become a Software Developer

Software developers usually have a bachelor’s degree in computer science and strong computer programming skills.

Pay

The median annual wage for software developers, applications was $103,620 in May 2018.

The median annual wage for software developers, systems software was $110,000 in May 2018.

Job Outlook

Employment of software developers is projected to grow 21 percent from 2018 to 2028, much faster than the average for all occupations. Software developers will be needed to respond to an increased demand for computer software.

https://www.youtube.com/watch?time_continue=5&v=_WQ_VV4pXPc&feature=emb_logo
Human capital: bundle of knowledge, skills and talent people use to do their work

Activity 1.2
Refer to I Have Human Capital Lesson Sheet.

<table>
<thead>
<tr>
<th>Skills, Ability, or Talent</th>
<th>I have this skill, ability, or talent.</th>
<th>I am good at this skill or talent and really like to use it.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can read.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can read maps and directions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can do math operations.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can work on a computer.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can draw pictures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can read music and figure out tunes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can sing.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can play an instrument.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am able to figure out how machines work.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can do experiments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can take care of animals.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can play games that require strategy and thinking to win, like chess or checkers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can play games that require physical skills, like baseball, soccer, or basketball.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I work well in groups with other people.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can write stories or poems.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am comfortable speaking in front of a group.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You probably have some other skills, talents, or abilities that are not listed on the survey. List those other skills, talents, or abilities below:

Look back at the survey. Select two skills, talents, or abilities that you have or do not have. Write several sentences to explain how you could improve these skills.

Where could you use your human capital? Think of at least two occupations in which you could be successful, using your talents, abilities, and skills. List these occupations below.
Human Capital Video from EconEdLink

Remote Learning Opportunity

Teach your students the concept of human capital and how enhancing our skills, knowledge, and experience can improve our performance, productivity, and overall value in the workplace.
Check out the full video:

https://player.vimeo.com/video/248486508
Assessment: Earning Income

Select appropriate items to assess your students’ understanding of the concepts in this theme.

**WORD BANK**
(One term from the following list of six is not used in parentheses.)
Income, human capital, investing in human capital, human resources, profit, capital resources
1. People who work are called __________. (human resources)
2. Entrepreneurs earn income called __________. (profit)
3. The skills, education, and talents people have are called __________. (human capital)
4. When people stay in school and practice to improve their skills, they are __________ (investing in human capital)
5. People earn ____________ by providing resources in the marketplace. (Income)

**MULTIPLE-CHOICE QUESTIONS**
1. Bill noticed that people in his community traveled a long way to buy special pet food and supplies. He thought that if he opened a pet supply store he could provide goods that consumers would be willing and able to buy. This is an example of __________.
   a. opportunity cost
   b. capital resources
   c. opportunity recognition
   d. human capital
   Answer: c

2. Bill rents the land for Smith. Each month Bill $400 is part of Charlie’s profit.
   a. profit
   b. income
   c. costs of production
   d. expenses
   Answer: b

3. Taxes are __________.
   a. required payments
   b. income received for
   c. illegal
   d. rent
   Answer: a

**MATCHING QUESTIONS**
A. Human capital
   B. Wage
   C. Revenue
   D. Profit
   E. Net income
   F. Taxes
   G. Loss

1. Income earned by
   A. A person’s skills, etc.
   B. Income earned by
   2. The amount of income a person “takes home” after taxes have been taken away.
   3. Income earned for providing human resources.
   4. Money a business receives from the sale of goods and services.
   5. Money a business receives from the sale of goods and services.
   Answers: 1 (D); 2 (A); 3 (E); 4 (B); 5 (C).

**SHORT-ANSWER QUESTIONS**
1. Use the information below to answer the questions that follow.
   Toys and More! Accounts June 5 through June 11, 2009:
   Sales Revenue $3,500.00
   Costs of Production
   Wages for workers $400.00
   Rent $1,000.00
   Toys for shelves $800.00
   Electricity $200.00
   Total cost of production $2,400.00
   Profit:
   A. Which items are costs of production for Toys and More?
   B. How much profit did Toys and More earn for this week? Show your work.
   C. What is the meaning of human capital? Explain the link between human capital and earnings, using several complete sentences.

**EXTENDED-RESPONSE QUESTIONS**
You have just read the following segments from your friend’s essay. You are attached to your friend. Be sure to explain to your friend what Brian’s gross income is, and what it means to invest in human capital. What ways in which your friend inhuman capital?
To: myfriend@school.com
From: yourfriend@Texas.com
Hi my friend. Yesterday my teacher complete an inventory of our skill talents. I answered all the questions as best as I could. My teacher says that to complete the plan in the next week. Could you understand what an investment is?
Thank you.
Your friend in Texas

(Students’ responses should include an explanation of the link between human capital and earnings, using several complete sentences.)

(Professional athletes have many physical and mental skills. They know how to use these skills to play basketball at a very high level. They improve their skills by practicing for long hours and by learning complicated strategies. By using these skills and knowledge effectively, they are able to play basketball better than others. Since they are willing to pay money to watch these athletes play, they are able to earn more income.)

2. Trina’s older brother, Brian, has his first job at the grocery store. He stocks shelves and bags groceries. He got paid for the first time on Monday. When he came home, he was very unhappy. He said the store took some of his...
Specialists Light Up Our Lives!
Peppe and his family moved to America to pursue the American dream. His mother has passed away, his father is ill, and all the children need to find work to help provide for basic essentials. Peppe is excited to find a job, only to be told by his d...
Grade: 3-5
Published: 02/23/2016

Why Work Now?
Why do people work so hard? Why aren't you just assigned a job that you are interested in and get paid as much as the next guy? This lesson will show you why employers want the best workers that their money can buy!
Grade: 6-8
Published: 03/17/2003

To Be or Not To Be?
This lesson guides students through websites that examine careers that are typically of interest to 3rd- through 5th-grade students. By completing the steps outlined in the lesson, the students will explore careers and report their findings.
Grade: 3-5
Published: 05/23/2005

Choices and Changes: In Life, School, and Work - Grades 5-6 - Teacher's Resource Manual
This publication contains complete instructions for teaching the lessons in Choices and Changes, Grades 5-6. The Choices and Changes series is designed to help students understand how the U.S. economy works and their roles in the economy as consu...
Grade: 5-6
Published: 2001
3 out of 15 lessons relate.
Peppe and his family moved to America to pursue the American dream. His mother has passed away, his father is ill, and all the children need to find work to help provide for basic essentials. Peppe is excited to find a job, only to be told by his dad that it is not a job he should be proud of.

This lesson will challenge students to consider specialists in the community and the valuable goods and services they produce. They will also learn how specialists depend on each other to satisfy their wants.
Introduce the lesson by holding up the book cover for *Peppe the Lamplighter*. Ask students to share what the story might be about based on the title and the cover. *(Allow students an opportunity to share ideas. Some might suggest it happened a long time ago based on the boy’s clothes or the fact that he is lighting a streetlamp.)*

Challenge students to pay close attention to the illustrations and how they help explain the mood of the story.

Read the first page of the book. Ask students what they have learned about Peppe and his family. *(Peppe’s family lived a long time ago. Times were hard. His mother had passed away, and his father was sick and couldn’t work. All the kids in the family had to find work to help pay bills.)*

▶ [https://www.youtube.com/watch?v=HOPeBN8j7K0](https://www.youtube.com/watch?v=HOPeBN8j7K0)
Children’s Books for Learning About Income

Bulla, Clyde Robert. *Shoeshine Girl*. HarperCollins, 2004. Sarah Ida is unhappy about spending the summer at her Aunt Claudia’s home. Her aunt refuses to give her an allowance. This makes Sarah Ida furious, so she finds a job at a shoeshine stand. As a result, the summer holds many surprises for her.


Earning Power Worksheet

1. If you wanted to earn some money, which of these jobs would you want to do? Why?

2. If you wanted to start a small business doing this, when would you work?

3. What would your flyers look like?

4. What other jobs could you do to earn money?

5. If Zing wants to wash cars to earn gas money, how many cars must he wash to make at least $26?

6. If Zing finds a $5 bill, and he washes a car and babysits 2 times, how much money will Zing now have?
Choices and Decision Making
Consumer Decision Making Shopping
This One or That One?

A lesson on consumer decision making
Vocabulary

- **Criteria**: Important ideas to consider when making a decision.
- **Price**: The amount consumers pay for a good or service.
- **Unit Price**: The retail price per unit of a given product. (e.g., the price per ounce, gallon, etc.)
Why comparison shop?

Because income is always limited relative to wants, people must make choices.
Decision Making 3–5 Style: The PACED Decision Making Model

- State the Problem
- List the Alternatives
- State Your Criteria
- Evaluate your alternatives
- Decide
The PACED Decision Making Model

- State the Problem
The PACED Decision Making Model

- List the Alternatives
The PACED Decision Making Model

- State your Criteria
The PACED Decision Making Model

- Evaluate your criteria
The PACED Decision Making Model

- Decide
The Decision Making Grid

<table>
<thead>
<tr>
<th>Criteria</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternatives</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Evaluate
Evaluation Metric
3 = Does an excellent job of meeting the criterion
2 = Does a good job of meeting the criterion
1 = Does a poor job of meeting the criterion
0 = Doesn’t meet criterion
Lesson 2: Making Decisions

Source: Financial Fitness for Life, 6–8
Students work in small groups to do a blind taste test of two types of graham crackers.
The Search for the Ultimate Teacher Shoe
How Do These Shoes Compare?

- Develop 4 criteria for the Ultimate Teacher Shoes on the next slide
- Using the criteria, describe similarities & differences between the 3 styles of shoes

Your Group will answer these 2 Questions & Report Back

- Question 1: Which brand would you buy? Why? Base your answer on the criteria your group developed.
- Question 2: Why might someone else in your group choose to buy a different style of shoe?
<table>
<thead>
<tr>
<th>Criteria #1</th>
<th>Criteria #2</th>
<th>Criteria #3</th>
<th>Criteria #4</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Shoe Image" /></td>
<td><img src="image2.png" alt="Shoe Image" /></td>
<td><img src="image3.png" alt="Shoe Image" /></td>
<td><img src="image4.png" alt="Shoe Image" /></td>
</tr>
</tbody>
</table>
Cross-Curricular

Perform operations with multi-digit whole numbers and with decimals to hundredths.

CCSS.MATH.CONTENT.5.NBT.B.5
Fluently multiply multi-digit whole numbers using the standard algorithm.

CCSS.MATH.CONTENT.5.NBT.B.6
Find whole-number quotients of whole numbers with up to four-digit dividends and two-digit divisors, using strategies based on place value, the properties of operations, and/or the relationship between multiplication and division. Illustrate and explain the calculation by using equations, rectangular arrays, and/or area models.

CCSS.MATH.CONTENT.5.NBT.B.7
Add, subtract, multiply, and divide decimals to hundredths, using concrete models or drawings and strategies based on place value, properties of operations, and/or the relationship between addition and subtraction; relate the strategy to a written method and explain the reasoning used.
Bigger, Better, Cheaper

Directions: Read the paragraph below and answer the questions that follow.

Alexi’s mom sent her to the grocery store to buy a can of frozen orange juice concentrate. At the store Alexi was surprised to discover that there were six different cans of concentrate. Her mother had not specified a brand, so Alexi had to choose. All the cans contained 12 ounces of concentrate, but each can had a different price. Alexi decided that the first thing she should do is determine which orange juice had the lowest price per ounce.

Help Alexi by completing the table below. (Because pennies must be whole numbers, round to the nearest penny.) Here is a sample:

<table>
<thead>
<tr>
<th>Type of Orange Juice</th>
<th>Price of Orange Juice</th>
<th>Price per Ounce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Coast Orange Juice</td>
<td>$1.30 = 130 cents</td>
<td></td>
</tr>
</tbody>
</table>

1. Complete the following table, using your calculator to calculate price per ounce. Round your answers to the nearest penny.

<table>
<thead>
<tr>
<th>Type of Orange Juice</th>
<th>Price of Orange Juice</th>
<th>Price per Ounce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Coast Orange Juice</td>
<td>$1.30 = 130 cents</td>
<td></td>
</tr>
<tr>
<td>Gold Coast Orange Juice with Calcium</td>
<td>$1.40 = 140 cents</td>
<td></td>
</tr>
<tr>
<td>Orange Orange (no pulp)</td>
<td>$1.50 = 150 cents</td>
<td></td>
</tr>
<tr>
<td>Orange Orange</td>
<td>$1.20 = 120 cents</td>
<td></td>
</tr>
<tr>
<td>Tropical Treat</td>
<td>$1.70 = 170 cents</td>
<td></td>
</tr>
<tr>
<td>Tropical Treat with Calcium</td>
<td>$1.80 = 180 cents</td>
<td></td>
</tr>
</tbody>
</table>

2. Based on price per ounce, what is the “best buy”? ___________

3. What do you think affects the price of these juices?

4. Alexi agrees with you about the best buy, based on price per ounce—until she remembers that some of the juices have calcium and some don’t. She knows that calcium is really important. Her younger sister doesn’t like milk, so she may need to have the extra calcium in her orange juice. Now what should Alexi do? Why?

______________________________

Fill in the circles to help you make the right decisions! Follow these steps:

1. Define the problem.
2. List the two choices.
3. Evaluate the choices (list the good and bad points about each choice).
4. Make a decision!

PROBLEM

CHOICES
1. 
2. 

GOOD AND BAD POINTS

Good: 
Bad: 

FINAL DECISION!
ADDITIONAL ACTIVITIES

1. Ask the child to explain the concept of opportunity cost and its power to help people make better decisions by identifying what was given up when a decision was made.

2. Review household members' spending diaries. Identify the spending alternatives and the opportunity costs of various spending decisions listed in the diaries.

3. Talk with the child about product logos that he or she recognizes. Discuss the brands of products found in your home. Why were these brands purchased? Did advertising influence the decisions to buy these products?

4. Identify a major product that might be purchased in the future such as a TV, a refrigerator, or a computer. With the child, develop a list of criteria for purchasing this product. Collect print ads and analyze the information provided about these products. Visit a local store and compare the actual features of the products. Based on the information collected, make a decision regarding which of the brands of this product would be the best purchase for your household.
   Follow Maggie and Will through a day making choices. The reader participates by making a choice among four alternatives.

   Mom takes the children to the grocery store, and they want everything. There are great differences between what Mom wants and what the children want. Everyone must make choices.

   Pam and Julie want to earn enough money to buy a video game. They decide to open a lemonade stand. They argue over advertising the lemonade, and the war begins.

Schwartz, David. *If You Made a Million.* Scholastic, 1989.
   This book introduces earning income, consuming, and saving money. What are all the choices someone might make with a million dollars?

   Max tries to borrow money to buy his mom a birthday gift. His sister and brother won't lend to him because he still owes them from the last time he borrowed.
Investing in Hard Times
Investing in Difficult Economic Times
The Financial Education Public-Private Partnership
June 24 and 25, 2020
Paul Merriman
All knowledge about how investing has worked, is working and is likely to work in the future
What You Know
You Know
What You Know
You Know

What You Know
You Don’t Know

What
You Don’t
Know You
Don’t Know

What You Know
You Know but
You Are Wrong
What You know

You Know

What You Don’t Know

What You Know
You Don’t Know

What You Know
You Know but You Don’t Do Anything About It

What You Know
You Know but You Are Wrong

What We Don’t Know
What You know

You Know

What You Know

You Know but

You Don’t Do

Anything About It

What You Don’t

Know

We

Don’t Know

What You Know

You Know but

You Are Wrong

What You Know

You Don’t Know
"You only have to do a very few things right in your life so long as you don't do too many things wrong.”

Warren Buffett
Make more good and fewer bad decisions

- Must choose: market timing or buy and hold
- Responding to short term news never good
- Bear market losses are temporary
- Bad decisions lead to permanent bear markets
- Good decisions eliminate permanent losses
What we know about bear markets

- 26 bear markets (1929-2020)
- Average 1 per 3.5 years
- Average loss 35.2%
- Average length 10 months
Worst period for bear markets

- 1929-1938 nine bear markets
- Average loss 42.5%
- Average length 6.5 months
Best period for bear markets

- 8/82 to 3/2000 one bear market
- Loss 33.8%
- Bear market lasted 3.4 months
The best news about bear markets

- They are a great buying opportunity
- Investors buy more shares with same dollars
- They are a young investors best friend
- They prepare you for the next bear market
### Impact of +0.5% investment return over a lifetime

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Scenario 1 Accumulation Phase Average Return</th>
<th>Scenario 1 Distribution Phase Average Return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.00%</td>
<td>6.00%</td>
</tr>
<tr>
<td></td>
<td>Scenario 2 Average Return Increase</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scenario 2 Accumulation Phase Average Return</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8.50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scenario 2 Distribution Phase Average Return</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Initial Annual Contribution Amount</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>Annual Contribution Increase</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Start Age</th>
<th>Accumulation Duration</th>
<th>Start Retirement Age</th>
<th>Retirement Duration</th>
<th>End Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>46</td>
<td>67</td>
<td>30</td>
<td>97</td>
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</table>

<table>
<thead>
<tr>
<th>Retirement Phase Withdrawal Rate</th>
<th>4.00%</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Scenario 1</th>
<th>Scenario 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Return during Accumulation</td>
<td>8.00%</td>
<td>8.50%</td>
</tr>
<tr>
<td>Rate of Return during Distribution</td>
<td>6.00%</td>
<td>6.50%</td>
</tr>
<tr>
<td>Total Contributions</td>
<td>$230,000</td>
<td>$230,000</td>
</tr>
<tr>
<td>Portfolio Value @ Age 67 (Start Retirement)</td>
<td>$2,259,501</td>
<td>$2,657,303</td>
</tr>
<tr>
<td>Portfolio Value @ Age 97 (End Retirement)</td>
<td>$3,813,515</td>
<td>$5,164,953</td>
</tr>
<tr>
<td>Total Withdrawals (Age 67 to 97)</td>
<td>$3,531,850</td>
<td>$4,477,945</td>
</tr>
<tr>
<td>Total Return (Withdrawals + Final Value)</td>
<td>$7,345,365</td>
<td>$9,642,898</td>
</tr>
</tbody>
</table>

Increased lifetime benefit of a 0.50% increase in the average investment rate of return is: $2,297,533
Permanent bear markets

- Making 0.5% less cost 20% loss
- Paying higher expenses
- Paying too much in taxes
- Buying actively managed funds
- Too much in bonds
- Too little in stocks
- Panic buying or selling
Table 1
Annualized Asset Class Nominal Returns by Decade: 1930-2019

**NOTE:** Returns EXCLUDE the effect of Expense Ratios.

<table>
<thead>
<tr>
<th>Year Range</th>
<th>LT Gov Bnd</th>
<th>SCV</th>
<th>S&amp;P 500</th>
<th>4-Fund Combo</th>
<th>SCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930 - 1939</td>
<td>4.9%</td>
<td>19.9%</td>
<td>19.6%</td>
<td>14.3%</td>
<td>14%</td>
</tr>
<tr>
<td>1940 - 1949</td>
<td></td>
<td></td>
<td>19.9%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>1950 - 1959</td>
<td></td>
<td></td>
<td>19.6%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>1960 - 1969</td>
<td></td>
<td></td>
<td>14.3%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>1970 - 1979</td>
<td></td>
<td></td>
<td>14.3%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>1980 - 1989</td>
<td></td>
<td></td>
<td>14.3%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>1990 - 1999</td>
<td></td>
<td></td>
<td>14.3%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>2000 - 2009</td>
<td></td>
<td></td>
<td>14.3%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>2010 - 2019</td>
<td></td>
<td></td>
<td>14.3%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>1930 - 2019</td>
<td></td>
<td></td>
<td>14.3%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
</tbody>
</table>

### Source
Dimensional Fund Advisors, see Data Disclosure
© 2020 Merriman Financial Education Foundation
### Table 6
Annualized Nominal Returns:
20 Year Periods, 1940-2019

*NOTE: Returns EXCLUDE the effect of Expense Ratios.*

<table>
<thead>
<tr>
<th>Period</th>
<th>SCV</th>
<th>SCV</th>
<th>LCV</th>
<th>SCV</th>
<th>SCV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best</td>
<td>19.8%</td>
<td>14.3%</td>
<td>18.7%</td>
<td>11.8%</td>
<td>13.7%</td>
</tr>
<tr>
<td>1940-1959</td>
<td>SCB 17.0%</td>
<td>SCB 11.1%</td>
<td>SCV 18.3%</td>
<td>SCB 10.0%</td>
<td>SCB 12.2%</td>
</tr>
<tr>
<td>1960-1979</td>
<td>SCB 17.0%</td>
<td>SCB 11.1%</td>
<td>SCV 18.3%</td>
<td>SCB 10.0%</td>
<td>SCB 12.2%</td>
</tr>
<tr>
<td>1980-1999</td>
<td>SCB 17.0%</td>
<td>SCB 11.1%</td>
<td>SCV 18.3%</td>
<td>SCB 10.0%</td>
<td>SCB 12.2%</td>
</tr>
<tr>
<td>2000-2019</td>
<td>SCB 17.0%</td>
<td>SCB 11.1%</td>
<td>SCV 18.3%</td>
<td>SCB 10.0%</td>
<td>SCB 12.2%</td>
</tr>
<tr>
<td>Worst</td>
<td>11.1%</td>
<td>11.1%</td>
<td>8.0%</td>
<td>7.6%</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

Source: Dimensional Fund Advisors, see Data Disclosure
© 2020 Merriman Financial Education Foundation
10 reasons young investors will make more

- Lower expenses
- Lower taxes
- More equities in portfolio
- More equity asset classes
- More diversification
- Must opt out of 401(K) plan
- Starting earlier
- Company match
- Better education
Target Date Funds: America’s #1 Retirement Investment

- Target Date Funds and Portfolio Choice in 401(k) Plans (*Wharton* Pension Research Council)
- Expect annual returns to be 2.3% over DYI
- More equities
- Less cash
- Less company stock
- Eliminate years of experimenting
- Don’t have to understand investing
- Lower expenses
## Target Date Funds: America’s #1 Retirement Investment

| • More diversification |
| • More likely to use index funds |
| • Still need to prepare for bear market opportunity |
| • More in bonds in later years |
| • Confidence to keep investing |
| • Trustees will not have a chance to provide bad choices |
| • Bad choice of TDF is retirement killer for employees |
| • Easy to improve long term returns by adding small cap value |
Best Advice

- Ultimate Buy and Hold Strategy 2020 Update
- Fine-Tuning Your Asset Allocation 2020 Update
- 2 Funds for Life
- Distributions in Retirement 2020
- Fixed Contribution Tables
- Target Date Funds
- All About Small Cap Value
- Turn $3,000 into $50 million
**Videos**

- Target Date Funds: America's #1 Retirement Investment
- 2 Funds for Life
- Updates on ETFs
- Financial Fitness Forever
- Financial Fitness Forever Chapters 3-7
- Financial Fitness After 50 – PBS
- Financial Literacy 101

**Podcasts**

- Sound Investing
  - More Than 200 Podcasts!
  - 20 things you should know about small-cap value
    - Focusing on small-cap value from every angle
    - Paul knows, this podcast compares Price-to-Earnings ratios, Price-to-Book ratios, average size company and one-year and 40-year period returns.

**MarketWatch Articles**

- How to hang on during a wild stock market ride
  - For most of the past decade, stock investors benefited from a long bull market that suggested making money was easy and natural.

**Free eBooks**

- First-Time Investor
- Get Smart or Get Screwed
- 101 Investment Decisions
- Free Chapter 10 – Financial Fitness Forever

**Investors Under 40**

- Two Funds For Life
- 2 Funds for Life Podcast
- The Ultimate Target Date Fund Portfolio
- 2 Funds for Life Tables

**Retirement Planning**

- Ultimate Buy and Hold 2018
- Fine-Tuning Your Asset Allocations
- Distribution Tables
Thank you.

If you have any questions, please email Paul@paulmerriman.com

Sign-up for his free twice-a-month newsletter and join Paul on Facebook, LinkedIn and Twitter.
Opportunity, Cost, and Saving
Opportunity Cost & Saving

Financial Fitness For Life Grades 3-5
Standards in Economics & Personal Finance

- **Decision Making**
  - Students will understand that: Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices “are all or nothing” decisions.
  - Students will be able to use this knowledge to: Make effective decisions as consumers, producers, savers, investors, and citizens.

- **Interest Rates**
  - Students will understand that: Interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.
  - Students will be able to use this knowledge to: Explain situations in which they pay or receive interest, and explain how they would react to changes in interest rates if they were making or receiving interest payments.
Theme 2: Lesson 4

THE GRASSHOPPER AND THE ANT

In reading and discussing an adaptation of Aesop's fable 'The Grasshopper and the Ant,' the students learn about the trade-off between satisfying wants today and planning for the future. They use the fable to examine their own behavior and decisions about saving. They learn that interest payments provide an incentive to save. They compose fables of their own, expressing their ideas about the importance of decisions about consuming and saving.
Theme 2: Savings Assessment

Multiple-Choice Questions

1. In the fable about the grasshopper and the ant, the grasshopper was spending all his money now, in the present. When people spend all their money now, they:
   a. give up the chance to buy more goods and services in the future.
   b. give up the chance to buy goods and services now.
   c. have more money left to spend in the future.
   d. are saving their money.

2. Miss Smith told her students that if they turned in their homework every day for a week, the class could have a special treat on Friday afternoon. The special treat is ______.
   a. interest
   b. a service
   c. a trade-off
   d. an incentive

3. Susie can either play soccer or basketball during recess. If Susie decides to play basketball, soccer is her ________.
   a. interest
   b. incentive
   c. opportunity cost
   d. choice

4. Andy saves his money in a savings account at the bank. Andy is really happy because the bank pays him to save. The money that Andy earns from the bank is ________.
   a. interest
   b. opportunity cost
   c. a trade-off
   d. a good
The Grasshopper and the Ant
A Fable About Saving
Decision Making 3–5 Style

The Grasshopper and the Ant

Literature Link
What I Want For The Party!

Kate and Vicky have too many wants for their party and a limited budget. Help them decide what to choose. Circle the items you would want to have at the party. You have a total budget of $50 to spend!

- Cake: $15
- Pinata: $15
- Ice Cream: $8
- Pizza: $20
- Cotton Candy: $6
- Party Hats: $3
- Movie: $4
- Hot Dogs: $10
- Fruit: $7
- Juice: $6
- Games: $10

Add up the total of all the items you have circled: $______. Are you within the $50 budget? If not, what would you eliminate? ____________
Common Core State Standards, Gr. 3
Cross Curricular Lesson Opportunities

- Key Ideas and Details
  - CCSS.ELA-LITERACY.RL.3.2
    Recount stories, including fables, folktales, and myths from diverse cultures; determine the central message, lesson, or moral and explain how it is conveyed through key details in the text.

- Integration of Knowledge & Ideas
  - CCSS.ELA-LITERACY.RL.3.9
    Compare and contrast the themes, settings, and plots of stories written by the same author about the same or similar characters (e.g., in books from a series)
Optional Extension Based on the Fable

Product Description
Are you teaching your Students how to determine the theme of a story or fable? This resource has activities to use with the Aesop’s fable, The Ants & the Grasshopper.

Students will
• use text evidence
• identify the theme
• understand vocabulary
• identify story elements
• practice retelling & summarizing

THE ANTS & THE GRASSHOPPER

adapted from The Aesop for Children presented by the Library of Congress

One bright day in late autumn a family of Ants were bustling about in the warm sunshine, drying out the grain they had stored up during the summer, when a starving Grasshopper, his fiddle under his arm, came up and humbly begged for a bite to eat.

“What!” cried the Ants in surprise, “haven’t you stored anything away for the winter? What in the world were you doing all last summer?”

“I didn’t have time to store up any food,” whined the Grasshopper; “I was so busy making music that before I knew it the summer was gone.”

The Ants shrugged their shoulders in disgust.

“Making music, were you?” they cried. “Very well; now dance!” And they turned their backs on the Grasshopper and went on with their work.

USE TEXT EVIDENCE

Underline the evidence with the color indicated on the crayon

1. Underline the sentence that shows what the ants were doing on one bright day in late autumn.
2. Underline the sentence that explains Grasshopper’s excuse for not preparing food for the winter.
3. Underline the sentence that shows how the ants felt after they learned that Grasshopper did not store food for the winter.
4. Underline the word that is a synonym for fall (season).
5. Underline the sentence that shows what the ants did after they learned that Grasshopper did not store food for the winter.
Resources and Links

Earning an Income

- Council for Economic Education-Financial Fitness for Life
- U.S. Bureau of Labor Statistics Career Exploration
- YouTube Software Developers, Applications Human
- Capital Concept Video
- Peppe The Lamplighter
- Family-At-Home Financial Fun Pack Grades 3-5

Choices Decision Making

- Family-At-Home Financial Fun Pack Grades 3-5

Investing in Hard Times

- Ultimate Buy and Hold Strategy 2020 Update
- Fine-Tuning Your Asset Allocation 2020 Update
- 2 Funds for Life: Distributions in Retirement
- 2020: Fixed Contribution Tables
- Target Date Funds
- All About Small Cap Value
- Turn $3,000 into $50 million

Opportunity Cost and Saving

- Common Core State Standards RL 3.2
- Common Core State Standards RL 3.9
Questions?
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tracy.godat@k12.wa.us

www.feppp.org

Follow us on Twitter: FEPPP@WA_FEPPP