

# Spending Money

Notes:

## Learner Outcomes

Outcome #1: Participants will be able to describe at least one method teenagers use to spend money.

Outcome #2: Participants will be able to identify one difference between a debit card and a credit card.

Outcome #3: Participants will be able to name at least one type of financial institution in their community.

## Target Audience

Teenagers

## Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It website), one for each participant
3. A pen or pencil for each participant
4. Something to track time
5. Evaluation #1-SP-T for each participant
6. Bank It Notes #1-SP-T for each participant
7. Optional: PowerPoint Presentation PDF #1-SP-T
8. Optional: Handout #1-SP-T for each participant

## Timing

1 hour

## Want more background and training tips?

See the free, downloadable Bank It Leader's Guide at [www.bankit.com](http://www.bankit.com).

# Spending Money

Notes:

## 1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF and the optional Handout. Both will greatly enhance your sessions. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room. Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Bank It Notes #1-SP-T and either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

*Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for teens and parents that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.*

*Today we will focus on spending money, and we plan on meeting three goals. One: By the end of this session, you will be able to describe at least one method teenagers use to spend money. Two: You will be able to identify one difference between a debit card and a credit card. Three: You will be able to name at least one type of financial institution in your community.*

*Feel free to use your Bank It Notes to write what you learn as we go along. At the end of the session, we will take time to complete a short evaluation. (If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.)*

## 2. Activity: Spend or Not Spend? (15 minutes)

Ask: *What do you use to spend money?* Write participants' answers on a flip chart. The most common methods often include cash, gift card (or stored value card), and sometimes checks or a debit card for older teenagers. On a flip chart, list six major ways adults spend money. These include: 1. Cash. 2. Credit. 3. Check. 4. Online payment (or bill pay). 5. Debit card. 6. Gift card (or stored value card).

Briefly describe each method of payment: *When you pay with cash you use dollar bills and coins. When you use credit, you're using a credit card for which*

# Spending Money

Notes:

*you receive a monthly statement that lists all of your credit card purchases. You can write a check, which is tied to an account.*

*You can make an online payment from one account you have to another through a computer. You can use a debit card, which looks like a credit card but is tied to an account where the funds are withdrawn (taken out) immediately. Or you can use a gift card, which is also known as a stored value card.*

Then ask: *What is the key difference between a credit card and a debit card?* (Answers: A debit card is tied to an account. The funds are withdrawn immediately when you use it. A credit card is a form of borrowing. You get a monthly statement that lists all of your credit card purchases along with a bill. Some people pay off their credit card bills every month, but you don't have to. You have to at least make the minimum payment required.)

Once participants understand the six major payment methods, say that you're going to do a quick activity called "Spend or Not Spend?" Explain that you're going to name different types of items that teenagers typically spend money on.

When you name an item, have participants stand if they would spend their money on this item. Have them sit if they wouldn't spend their money on the item. Explain that there are no right or wrong answers. The way you answer each question depends on what is important to you.

Ask: *Would you spend money at a vending machine for a snack?* (Give participants time to stand if they would say yes and sit if they would say no. You may also ask participants to look around to see which items are most common and least common among your group.)

Then ask other questions, such as these, one at a time, giving time for participants to stand or sit: *Would you spend your money on athletic shoes? On concert tickets? On fast food? On new clothes? On music? On a haircut? On school supplies? On a movie? On a school football game? On a video game?*

After you've finished the activity, debrief it. Ask: *How do you decide how to spend your money?*

If you plan to distribute the optional handout, use it at this time.

# Spending Money

Notes:

### 3. Present: The Benefits of an Account (15 minutes)

Explain that a key way to spend money well is to keep track of our money. On a flip chart, write “Local Financial Institutions.” Explain that a financial institution is a place that collects and invests money. Explain that *local* means that the financial institution is nearby, in our community.

Under “Local Financial Institutions” list four major types: 1. Commercial banks. 2. Savings and loan. 3. Credit union. 4. Check-cashing store.

Briefly explain each one. *A commercial bank offers a wide range of services. Checking and savings accounts. Loans. Investments. Credit. And more. A savings and loan institution offers only savings accounts and loans, mainly to buy a house.*

*A credit union is owned and controlled by its members. It often offers many money services, like a bank. A check-cashing store will cash your payroll, government, and personal checks for a fee. You can get an account at the first three. The fourth operates more like a store.*

On another piece of flip chart write the benefits of an account, which include: *Establishing a credit rating by having an account in your name. You get access to financial services for free or for a low fee. You can keep track of your money more easily. Some accounts pay you for having an account, such as a savings account, where you could get interest.*

Ask the following questions. See if anyone knows any of the answers, but don’t expect participants to know much if they haven’t had much experience in this area.

Ask: *How do your parents cash a payroll check? (Answer: Don’t know, check-cashing store, bank, parent gets paid in cash.) Say: Many of you may have never been given a check, but when you’re older, you will.*

Ask: *What is a key question to ask before you cash a check? (Answer: How much will it cost to cash my check?)*

Ask: *Which is the most expensive place to cash a check? (Answer: A check-cashing store.)*

# Spending Money

Notes:

Ask: *If you have an account at one of the first three institutions, commercial bank, savings and loan, or a credit union, how much does it usually cost to cash a check? (Answer: Nothing. It's free.)*

Ask: *If you don't have an account, which is often the least expensive place to cash a check? (Answer: Usually one of the first three, but you need to compare the price.)*

#### 4. Discuss (10 minutes)

Say: *Take some time to talk to the people near you. Talk to about two or three people. Take turns. I want you to do two things: 1. Say your first name. 2. Talk about the most fun you've ever had spending money. Start with the person who spent money most recently. Then have each person take a turn.*

#### 5. Review and Evaluate (10 minutes)

Review what was accomplished during this session. Ask: *What are the major ways teenagers spend money? (Answer: 1. Cash. 2. Gift card [stored value card]. 3. Debit card.)* Ask: *What are the six major ways adults spend money? (Answer: 1. Cash. 2. Credit. 3. Check. 4. Online payment (or bill pay). 5. Debit card. 6. Gift card [or stored-value card].)*

Ask: *What is the key difference between a credit card and a debit card? (Answers: A debit card is tied to an account. The funds are withdrawn immediately upon use. A credit card is a form of borrowing. You get a monthly statement that lists all of your credit card purchases along with a bill.)*

Ask: *What are the four major types of financial institutions? (Answer: 1. Commercial banks. 2. Savings and loan. 3. Credit union. 4. Check-cashing store.)*

Ask: *What are the benefits of having an account? (Answers: Establishing a credit rating by having an account in your name. You get access to financial services for free or for a low fee. You can keep track of your money easier. Some accounts pay you for having an account, such as a savings account.)*

Ask: *What is a key question to ask before cashing a check? (Answer: How much does it cost to cash this check?)*

# Spending Money

Notes:

At the end of the review, distribute Evaluation #1-SP-T to each participant. Give participants time to fill out the evaluation. Collect all the evaluations after participants finish so you can find out the measurable outcomes for the session.

## 6. Close (5 minutes)

Do a short activity for the closing. Tell participants to think of someone they admire who does not overspend. Say: *Tell me what you admire about this person.* Write what they say on a flip chart. Encourage participants to think of traits, such as the person thinks before spending. The person compares prices before buying. The person uses coupons. The person has a budget. After you finish, re-read the list. Say: *We all spend money. We can make good choices when we spend money. We can become the people we admire by becoming intentional spenders.* Challenge them to talk to family members about this topic, which is listed under the Talk About It section of their Bank It Notes. Thank participants for coming and for being involved.

## Optional Activities

1. **Distribute Handout #1-SP-T: Paying by Check or Online Banking.** Give participants the handout to complete. Afterward, discuss their answers.
2. **Show the PowerPoint Presentation PDF #1-SP-T.** Use the presentation to accompany the one-hour session.
3. **Give Participants a Challenge.** Encourage participants to use the next week to ask their parents how they decide which method to use to spend money. Ask what their parents think about their spending. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit [www.bankit.com](http://www.bankit.com) for answers and more resources.

# Spending Money

Notes:

## For More Information

- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 3 in the area of Planning and Money Management.
- *An Asset Builder’s Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).