

# *Life Skills Literacy*

## Things to Know About Spending and Saving Money

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# To the Teacher



*Things to Know About Spending and Saving Money* is another title in the growing *Life Skills Literacy* series from J. Weston Walch, Publisher. *Things to Know* books are reproducible and thematic compilations of information aimed at youth and adult English language learners, including ESL students new to American or Canadian culture. *Things to Know* books are intended to help build vocabulary, expand culturally-based knowledge, and develop real-life and survival skills. *Things to Know* books include interactive, authentic, cooperative, and idiomatic materials and activities. *Things to Know* books lead to success in the language and success in the classroom, the family, and the community.

The *Life Skills Literacy* series is appropriate for ESL learners at intermediate levels and for native learners reading at the fourth grade level and higher. Its vocabulary lists include more than 330 words and phrases, most of them specifically related to personal and consumer money matters like earning, spending, and saving. Illustrative and contextual clues offer assistance with lexical development. Verb forms are generally simple, and the use of passive voice is limited.

The pages of *Things to Know About Spending and Saving Money* and its companion books can help individual students build reading and writing proficiencies. They can help full classes and small groups of students develop speaking and listening competencies as well. They can help all learners understand personal money matters, and explore related subjects like taxes and banking.

Their brevity and focus make *Things to Know* titles excellent resources for tutors working with individual students, whether the books are also used in the classroom or not. Their basic level makes *Things to Know* suitable to a

wide range of circumstances and student abilities. Their controlled language and high interest topics gives *Things to Know* appeal for students as well as teachers.

Like other *Things to Know* books, this one devotes three pages to each of 24 lessons. The first of the three is for teachers. It provides information and suggestions ranging from general concept considerations to specific Internet sites you and your students might visit. The second and third pages are reproducible, for student use. The second presents topic information and a dialogue, story, or student challenge relating to it. The third includes a word list plus writing and discussion activities for individual, small group, and full class use.

This book cannot cover all money-related vocabulary or all consumer topics of possible concern to students. Nor can it be designed to be exactly at the level of each and every student. But it can be and is very flexible, covering the basics at a consistently low reading level and then offering numerous ideas for moving beyond and providing extension activities to meet a wide range of classroom and personal needs. General ideas for materials use and adaptation appear on the following page of Teaching Suggestions. More specific suggestions can be found on the teacher page provided with each lesson.

We believe you will find the Walch *Life Skills Literacy* series and its individual *Things to Know* titles useful with many different students in many different settings. We'll be pleased to hear how well it works for you, to know what other titles you think should be added to it, and—as always—to learn what more this company can do to serve you and your students.

— J. Weston Walch, Publisher

# Teaching Suggestions



You can use *Things to Know About Spending and Saving Money* basically as is, having learners work through the two reproducible pages of each topic in one or two class sessions. Or you can make *Things to Know* the core of a broader approach to consumer and spending issues by following the many suggestions in the topical Teacher Pages and expanding each lesson to cover several sessions.

The first step in deciding how to use these pages is, of course, assessing the needs, interests, and abilities of your learners. The second step is considering the characteristics of your own community. Wherever you teach, you'll find that your classes benefit most when knowledge of local business and consumer resources are added to the *Things to Know* mix.

The "Preparation Possibilities" of the Teacher Pages provide some ideas of what you might wish to do in advance to enrich your classes, particularly if you are presenting a lesson over several class sessions. But these pages are designed for immediate use, and you need not spend hours preparing for their presentation. If you think local information will be helpful to your groups, follow the suggestions of the teaching pages and assign students to do the research. They will become true learners and enjoy themselves as well when they discover the practical value of outside projects. Or invite outsiders to join the class and talk about such complex matters as insurance.

Some of the "Technology resources" suggested on the Teacher Pages assume an Internet connection and use of a search engine to look for information and suggested Web pages.

Each word list contains between 12 and 15 terms. Those about money avoid the highly

technical and should interest all wage earners and consumers. The more general terms are all important to the passages in which they occur, and have been selected with reference to readability levels and vocabulary frequency-use studies. In some cases, you may want to adjust the lists to help meet the needs and interests of your own students. You can underline the words you wish to stress, tape over those you don't want, and add others you find useful. But be careful not to eliminate terms required for the fill-in sentences that follow.

The idioms and slang and the "fascinating facts" given in the teacher pages are presented as fun and informative extras for some classes. If you use the idioms and slang, consider asking students to try them in sentences and to share other terms they know. You can treat the word lists in the same way, if you like, asking students to build sentences around them and to supply related vocabulary that interests them.

All materials on the Activity Pages have been prepared with references to varied thinking skills, learning styles, and the several intelligences proposed by Howard Gardner and others. But no mix can be perfect for every class, and these also can and should be adjusted to meet the needs of your own groups. The role plays based on dialogues, stories, and challenges is a useful example. Some students with very limited language skills will benefit from working in pairs and reading dialogues aloud to each other. More advanced students will enjoy and benefit from more creative approaches in which they make up their own parts and decide what might happen next to the characters in the story.

# Lesson 1: Spending Limits



## Themes

- Controlling expenditures
- Getting financial advice

**Background notes:** Economists sometimes debate whether the huge consumer debts run up in some Western countries are benign or not. But few doubt the consequences of large debts for individuals and families. They are often devastating. So this *Things to Know* package opens with pages you can use to help learners consider why they should hold spending within the limits imposed by income, and how they should do it. As most of us know from personal experience, that task is not easy. It can be especially tough for young consumers living on their own and filling entry-level jobs. Most of us do somehow survive even the lean periods, and in the process develop strategies and skills that can also work for others. So be sure and allow time in your classroom discussions for students to share the ideas that work well for them.

## Preparation possibilities

- Think about: financial planning courses and other resources available in your area
- Bring to class: appropriate books and articles on basic personal finances

## Technology resources

- Search topic: *personal finance* (for commercial sites, college courses by Web, etc.)
- Web pages to try: Consumer Information Center

## Student pages

- Page 2 includes: an introduction to spending limits and a dialogue in which two friends discuss personal spending problems

- Page 3 includes: a word list you may adjust for your class and student activities

**Especially for ESL:** Students new to American and Canadian cultures may need help knowing how much personal information most westerners are comfortable sharing. Tell them: Many people are willing to talk in general terms but not to share personal financial information. Ask: Was the same thing true in your first countries? What kind of financial advice could you get in those countries?

## Extra idioms and slang to introduce

- *Rolling in money/dough/it:* wealthy
- *Tight:* stingy; unwilling to spend money

**Thoughts to share with learners:** Some people define *maturity* as “the ability to postpone pleasure.” Other terms for *financial counselors* include *financial planners*, *financial advisors*, and *financial planning consultants*.

**Questions to ask learners:** Who in the class sometimes feels broke? Who has some ideas for saving money? What do you do when you really want something you can’t afford? Do you find that if you wait a few days you won’t want it as much? Has anybody taken a local personal finance course? Was it good?

**Projects to assign learners:** Find the names of local financial consultants. Try the yellow pages, and share what you find with the class. Find out about personal finance classes. Do local schools offer them?

**A fascinating fact to share:** In 1997, the average American household spent 92.5 percent of its income.

## Lesson 1: Spending Limits



Are you very rich? So rich you have trouble just counting your money? Then you don't need to worry much about spending **limits**. The rest of us do. We have limited **resources**. We need to limit what we spend to what we have. If we don't, we use **credit** and get **in debt**. Then we need more money, and we spend more in the long run. Good spending is limited spending. That might sound simple, but it's a hard lesson for a lot of us to learn.



### Dialogue: A second job

**First Friend:** You look happy this morning. What's up?

**Second Friend:** I made a decision last night. I decided to get a second job.

**FF:** That makes you happy? It makes me tired just to think about.

**SF:** I'm broke. I need more money.

**FF:** What for? You've got all the **essentials** now.

**SF:** I want more than essentials. I want nicer clothes and a faster car. I want to buy a house.

**FF:** Maybe you need to spend less, not get into **real estate**.

**SF:** You want me to be some sort of **miser**?

**FF:** Fat chance! I just don't think you should be a **spendthrift**.

**SF:** But I want more stuff. Maybe I can win the **lottery**.

**FF:** It might rain money tomorrow, too. I don't think you need more money. I think you need better money **management**.

**SF:** I manage my money okay. I get it and I spend it.

**FF:** Maybe you should take a course in **personal finance**.

**SF:** I won't have time if I get a second job.

**FF:** Maybe you won't need the job if you take the course.

**SF:** What about you? I suppose you have all the money you want.

**FF:** Don't I wish. I'm in debt up to my ears.

**SF:** Then how come you're handing out advice?

**FF:** It's from an **expert**. I'm seeing a financial **counselor**.

**SF:** So what have you learned?

**FF:** She says I need to give up my **charge cards** and **take charge** of my money instead.

**SF:** Are you doing it?

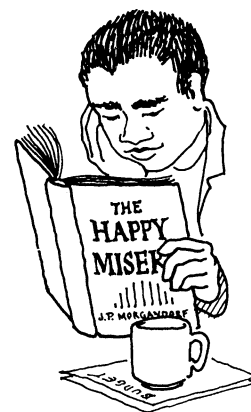
**FF:** I'm trying. But it's not so easy.

**SF:** Maybe you need another job.

**FF:** Not that. But I do need a cup of coffee. Join me?

**SF:** I can't. I'm broke.

**FF:** That's okay. I've still got one charge card.



## Lesson 1: Spending Limits



### Word list

limit(s)	in debt	miser	management	counselor
resource(s)	essential(s)	spendthrift	personal finance	charge card(s)
credit	real estate	lottery	expert	take charge

### Increasing your understanding

1. Look at the word list. If you don't know a word, find out what it means. Try to figure it out from the way it is used on page 2. Or look it up in a dictionary.
2. Supply the missing words from the word list:
  - (a) Many of us have limited \_\_\_\_\_ so we can't buy too much.
  - (b) If we use too much credit, we get \_\_\_\_\_.
  - (c) The second friend in the story wants to win the \_\_\_\_\_ and get more money.
  - (d) The counselor says people should give up \_\_\_\_\_, and \_\_\_\_\_ of their money instead.
  - (e) The second friend doesn't think the first friend should be a miser or a \_\_\_\_\_.

### Questions to discuss

1. Does one friend in the story need more financial advice than the other? Give reasons for your answer.
2. What are the "essentials" that the first friend talks about? Brainstorm a list of things that most people need to have.
3. What can you do if you don't have enough money to pay your bills?

### Things to write about

1. What if you won the lottery? What would you do first? Write a paragraph giving your answer.
2. Is buying lottery tickets a good idea? Write a letter giving advice to a friend who spends \$25 a week on tickets.

### Things to do

1. Act out the story on page 2 with a partner. Use your own words if you want. Decide what the friends might say when they go for coffee.
2. How can people cut their costs? Make a list of at least five ideas.
3. Who needs a financial counselor? Make an illustrated newspaper ad for a counselor named Rich Saver. It should tell people how they can know if they need help.
4. Do most people think they have enough money? Ask five or more people outside class. Share what you find with your classmates.



# Lesson 20: Credit Cards



## Themes

- Using credit wisely
- Understanding credit cards

**Background notes:** Credit cards were first used in 1959. By 1994, the average American carried eight of them. Between the two dates, millions of Americans saluted the convenience the cards offered, and millions more struggled to survive the weight of the debt that use of the cards incurred. Youthful and inexperienced consumers are at particular risk of card-based debts and problems. The cards are easily available (82 percent of college students carry at least one) and easily used to build bills their owners cannot pay in time to avoid hefty interest charges. These pages will help your learners understand credit card dangers and how to avoid them.

## Preparation possibilities

- Think about: your own experience with companies pushing the use of credit cards
- Bring to class: consumer information on the use of credit cards

## Technology resources

- Search topic: *credit cards*, *Visa* (and similar organizations)
- Web pages to try: The Pitfalls of Plastic Credit Cards; Jump\$tart Coalition: Financial Smarts for Students; Credit Card Advisor

## Student pages

- Page 59 includes: part of a credit card billing statement; a brief introduction to credit and credit cards; a story about a financial counselor and a card-holding client

- Page 60 includes: a word list you may adjust for your class and student activities

**Especially for ESL:** Ask: Were credit cards used in your native country? Were they easy to get? Did a lot of people use them?

## Extra idioms and slang to introduce

- *Card*: an amusing person
- *Ten-spot*: 10-dollar bill

**Thoughts to share with learners:** Credit card companies like Visa and MasterCard do not issue credit cards. Banks do. If you lose a credit card, you need to notify the company. You are liable for up to \$50 if somebody else uses it. When you use a card, the retailer you buy from pays between 4 and 8 percent to the bank that issued it.

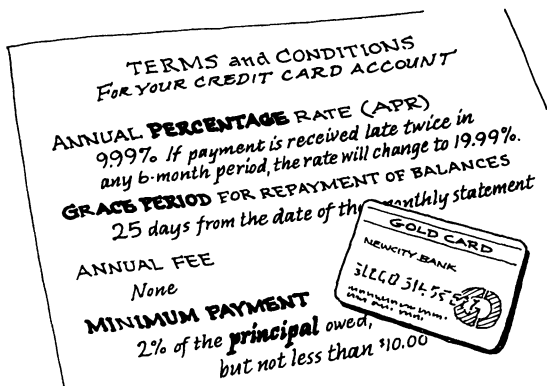
**Questions to ask learners:** Who has received unsolicited credit cards or offers for them? What do you do with such things? If you have two cards, which should you pay first? (The one with the higher interest rate.)

**Projects to assign learners:** Visit a bank and ask about credit cards. Can anybody get them? What interest rate is charged? At the library, look for consumer books. Find out how much it costs to use credit cards. (See books like *The Consumer Bible: 1001 Ways to Shop Smart*, written by Mark Green and published by Workman.)

**A fascinating fact to share:** Arthur Morris introduced the Morris Plan in 1916. It made credit available to working people for the first time. Before then, banks loaned only to the well-to-do.



## Lesson 20: Credit Cards



Do you want a credit card? It might be easy to get. In one year, credit card companies sent 2.4 billion letters to consumers. The letters were **unsolicited** offers of credit cards. Some had cards with them. All you had to do was sign the cards and use them. Except for one thing. You also had to pay the bills that came later. If you paid quickly, you owed just for what you bought. But if you paid late, you also owed an interest charge. And the interest could be a lot of money, as many people found out.



### Story: A helpful card

Anna and Fred went to see their financial counselor.

“How’s it going?” asked Mr. Sung.

“Fine,” said Anna. “We’ve paid off some bills. And we’ve thrown out most of our credit cards.”

“All but one,” added Fred.

“Get rid of it,” said Mr. Sung. “You know what I think of credit cards. I call them ‘the **plastic peril**.’”

“But this one saved our life two days ago,” Fred said.

“I don’t care what you did with it. You still have to pay for any new debts you **incurred**. That means new interest charges because you already owe a lot.”

“But you don’t understand,” said Anna.

“I understand the credit card business,” Mr. Sung told them. “The companies are so **aggressive** they send you **preapproved** cards whether you want them or not. They offer **perks** like free airline miles to get you **hooked**.”

“We know,” said Fred. “You showed us that before. We were making minimum payments

on the cards. You proved that we were going to pay more than \$1,300 for \$1,000 worth of furniture. You said the banks would love that.”

“They sure would. Their rates are so high it’s almost **usury**.”

“That’s why we keep hearing musical radio **jingles** saying credit cards are great,” said Anna. “Those ads cost a lot, but they are worth it to the bank.”

“That’s for sure,” said Mr. Sung. “Look, credit cards can be great conveniences. But they require lots of discipline. They don’t work well for you two.”

“We agree,” said Anna. “We know you are right.”

“Then why did you use a card two days ago? And how can you say it saved your life?”

Fred laughed. “We used it to scrape the frost off our car windows,” he said. “It worked great. And they can’t charge us interest for that.”



## Lesson 20: Credit Cards



### Word list

percentage	minimum	plastic	aggressive	hook(ed)
grace period	payment	peril	preapprove(d)	usury
unsolicited	principal	incur(red)	perk(s)	jingle(s)

### Increasing your understanding

1. Look at the word list. If you don't know a word, find out what it means. Try to figure it out from the way it is used on page 59. Or look it up in a dictionary.
2. Supply the missing words from the word list:
  - (a) The minimum charge for the card at the top of page 59 is 2 percent of the \_\_\_\_\_ owed.
  - (b) The \_\_\_\_\_ is 25 days from the date of the statement.
  - (c) In the story on page 59, Mr. Sung calls credit cards "the \_\_\_\_\_."
  - (d) Anna talks about hearing radio \_\_\_\_\_ that cost a lot.
  - (e) Perks like free airline miles can get you \_\_\_\_\_ on credit cards, according to Mr. Sung.

### Questions to discuss

1. What does Mr. Sung mean by "plastic peril" in the story on page 59? Do you think he's right about credit cards?
2. How can you decide if credit cards are good for you to use?
3. What are some good and bad points about credit cards? Brainstorm your answers.

### Things to write about

1. Are there ever good reasons to charge something? Answer in a paragraph or two.
2. Imagine that you lose a credit card. Write a letter to Your Card Company telling them what happened. Make up your own facts.

### Things to do

1. Role-play the story on page 59 with a partner. One of you can be Fred or Anna. The other can be a financial counselor. Use your own names if you want. Decide if Fred and Anna are good financial planners.
2. How much do you owe? Imagine that you have a credit card. Its terms are the same as the ones in the box on page 59. One month the principal you owe is \$450. Figure out the minimum that you must pay.
3. Can you get people to use Pepe's Plastic Credit Card? Write a radio jingle to convince them. Then sing it or read it to your classmates.
4. How many ads can you find for credit cards? Look around outside class. Then share your answer with classmates.

