

LESSON PLAN

Financial Literacy in Guidance and Career Education

Career Studies (GLC20)

Connections to Financial Literacy

In small groups, students work on a saving and spending plan and develop balanced budgets to creatively respond to the challenges of making ends meet in life after secondary school. Students use critical thinking skills and problem-solving strategies to plan responses to different financial challenges that might occur in their lives after secondary school.

Curriculum Expectations

Exploration of Opportunities

- identify a broad range of options for present and future learning, work, and community involvement

Identifying Personal Options

- identify and describe a variety of learning opportunities for secondary school students, including secondary school courses, community-based learning and co-curricular activities
- compare a variety of postsecondary learning options and identify those most suited to them based on their personal interests, competencies, and aspirations

The following expectations from the Discovering the Workplace course (GLD20) could also be addressed in this lesson.

Essential Skills for Working and Learning

- identify and describe the workplace essential skills necessary for success in life, school, and work

Understanding Workplace Essential Skills

- describe how the essential skills are transferable from home to school, school to work, occupation to occupation, and sector to sector

Essential Skills for Working and Learning

- identify the literacy and numeracy strategies that support the application of workplace essential skills, and use them to complete specific tasks in school, in the community, or in real or simulated workplace settings

Using Literacy and Numeracy Strategies

- identify the numeracy strategies required for calculation and estimation, and use them effectively to manage money to work with schedules and budgets, to analyse data and to measure and make numerical calculations using real workplace materials in school, in the community, or in real or simulated workplace settings
- identify strategies for reading and interpreting text and use them effectively for specific tasks in school, in the community, or in real or simulated workplace settings, using real workplace materials

Essential Skills for Working and Learning

- describe learning and thinking strategies, and use them effectively in school or in the community

Using Learning and Thinking Strategies

- describe a process for decision making and use it effectively in situations in school and in the community

Learning Goals

By the end of this lesson, students will be able to:

- identify opportunities for increasing income and/or decreasing expenses when living on a student budget.

Sample Success Criterion

- I used creative options to develop a balanced saving and spending plan and budget (i.e., one in which my income is larger than my expenses).

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Instructional Components and Context

Readiness

- Students have previously worked on written reports of managing an income on minimum wage. They've reflected on personal experiences geared towards managing money and have formed opinions based on viewing a short film. They have practised using critical thinking skills to respond to challenging situations such as mock job interviews. Students have had some initial prior discussions about accessing loans and the use of credit.

Terminology

- Budget
- Debt
- Expenses
- Grant
- Income
- Loan

Materials and Resources

- Statements, facts and recent statistics printed on large paper to post around the room
- **Think about this...** template
- **Thinking about Loans and Credit Cards** – cut into strips
- chart paper and markers
- Colour-coded **Budget Scenario Cards** placed on board ahead of time in a grid format



- Each of the rows represents different categories as follows:

Income (Bright Green)

Tuition and associated costs (Orange)

Housing (Dark Blue)

Utilities (Light Blue)

Transportation (Yellow)

Cell Phone (Dark Green)

Cable, Phone, Internet (Purple)

- Print the various scenario cards on the corresponding coloured paper or use coloured markers to show the different categories.
- Prepare simulated “unexpected expenses” red cards to distribute to students later.

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Minds On

Small Groups → Four Corners

Find 4-5 recent facts and statistics from Canadian/Ontario websites which provide objective information about finances. Print out the facts on large pieces of paper and post around the classroom. Sample websites for recent financial information include:

- **The Financial Consumer Agency of Canada**
- **The Investor Education Fund**

Sample facts/statistics:

1. Ontario Student Loan default rates have been steadily declining and are now at the lowest levels since rates began being tracked in 1997. From a high of 23.5 per cent in 1997, Ontario's student loan default rate fell to 7.6 per cent in 2010. <http://www.tcu.gov.on.ca/pepg/>
2. According to a 2008 Environics survey, six out of ten young Canadians aged 18-29 are in debt of some kind, with credit card debt being the most common, followed by student loans.
3. With respect to payday loans (also called internet or storefront loans), for every \$100 borrowed, one could pay \$20 in service fees and interest.

Students choose the fact that surprises them the most and go to stand beside that fact. Students at each station work together to complete the "Think About This..." handout.

Connections

A_{for}L Assessment for Learning

Circulate around the groups, reviewing their answers on the "Think About This" sheet to get a sense of what students already know about budgeting, student loans, credit card debt, etc.

Action!

Small Groups → Build a Scenario

Students form groups of 4-5. One representative from each group comes to the board and selects one card from each category of the grid. Categories include: income, tuition and associated fees, housing, utilities, vehicle, cell phone and cable/phone/Internet. The cards together form the groups' specific scenarios with which they will be working. Provide some clarifying information about the information on the cards. For example, income can include employment income, student grants and loans, gifts from family. Tuition costs include some associated costs such as fees and text books.

Working in their groups, students calculate their income and their expenses, and develop a plan for saving and spending. Co-construct success criteria that will be used to assess their plan.

Some groups may come to realize that they do not have enough income to cover all of their expenses. Encourage the students to brainstorm different strategies and solutions to resolve this issue.

After several minutes, randomly distribute the red "unexpected expenses" cards to each group (e.g., \$300 cell phone bill, \$500 trip to the mall, \$150 laptop repair).

Encourage students to think creatively and critically to determine how they will increase their income or reduce their expenses in order to have a balanced budget, when they also consider the red "unexpected expenses" cards.

Connections

A_{for}L Assessment for Learning

Assess whether students include suggestions and strategies related to increasing income and also decreasing expenses.

A_{as}L Assessment as Learning

Self Assessment: Students review their group's spending and saving plan and budget. Are they balanced (i.e., income meets or exceeds expenses)?

Differentiated Instruction

Ask students to discuss in their groups, their own "oops moments", (i.e., create their own "red cards"). If they wish to switch their red card for one of their own "oops moments", groups can choose to switch.

Differentiated Instruction

- Make calculators available for students who need them. Strategically group students so they can support each other with calculations.

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Consolidation

Small Groups → Presentations

Students work in their groups to present their saving and spending plan and budgets for their scenarios to the class.

Audience members are invited to provide additional creative solutions to the solutions presented.

Small Groups → Some Thoughts About Loans and Credit Cards

Post the **“Thinking about Loans and Credit Cards”** questions for students to consider as they work in groups to develop advice statements about financial planning and money management, based on their experience with the Action activity and in prior discussions. The students write out their statements on paper slips.

Distribute a slip with one statement on it to each student. Students take turns reading the statements. Students reflect on the statements and talk in small groups, then share their thoughts in response to the statements with the whole class.

Possible guiding questions for discussion:

- Do you agree/disagree with the statement? Why?
- Do you have any experience related to this experience?
- What other statements could you add to offer advice to your peers?

Extension

Students can develop and hand in personal plans and budgets, either using their own income (generated from part time jobs/allowance etc) and expenses or using a scenario developed for this purpose.

Be sensitive to the fact that some students may appreciate the practical application of this activity using their own income and expenses while other students who do not have a source of income may not be comfortable working with information about their expenses on a classroom activity. Have a variety of options available for students.

Connections

AOL Assessment of Learning

Circulate around the groups, reviewing their answers on the “Think About This” sheet to get a sense of what students already know about budgeting, student loans, credit card debt, etc.

Think About This...



How does this fact fit with what you already know?



In what ways does this fact surprise you?



**What are some of the implications of this fact?
Why should we care?**

Thinking About Loans and Credit Cards

Use your experience in today's activity and the questions below to consider what financial planning advice you can offer to your peers.

1. Think in advance about the kinds of purchases for which you may want to use a credit card. Will you use it for everyday purchases like food and clothing? For you, is this a good idea? Why or why not?
2. Making only the minimum payment each month increases the amount of time it will take to pay off debts. Also, making minimum payments will result in increases in the amount of interest paid. If you are trying to pay your debts off more quickly what should you consider when it comes to making minimum payments on a credit card?
3. If you can't afford a purchase today, what would need to be different so that you would be able to afford it tomorrow, or even next month?
4. How can you learn about your credit score? What is your credit history? (See the following site for information <http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca02179.html>). How can cancelling a credit card impact your credit score?
5. Stores tend to keep their target group in mind when setting up displays. Eye catching colour and design strategies can make you believe that you "need the item" and can encourage impulse purchases. Considering this, what advice can you offer your peers?
6. How can tracking your spending habits help you?
7. Payday loans (also called Internet or Storefront loans) offer quick payment for an upcoming pay cheque. The fees and interest charged by payday loan companies can be very high. What advice can you offer regarding these loans?
8. In addition to student grants and scholarships what other options could be considered in order to pay for post-secondary education?
9. When negotiating student loans repayment schedules with the lender, what would be the advantages and disadvantages of reducing the length of repayment time?

Budget Scenario Cards

Income

Full-time Employment
\$65,000/year

Savings
\$18,000

Budget Scenario Cards

Income

Part-Time Employment
\$20,000 per year

Full-Time Employment
\$110,000 per year

Budget Scenario Cards

Income

OSAP
\$10,000 per year

Budget Scenario Cards

Tuition and associated costs

University Tuition + Textbooks
\$8500 per year

University Tuition
\$6000 per year

Budget Scenario Cards

Tuition and associated costs

US or Abroad Tuition
\$18,000 per year

Travel for a Year First
\$5000

Budget Scenario Cards

Tuition and associated costs

College Tuition and
Used Books
\$3000

Budget Scenario Cards

Housing

Rent
\$700 per month

Rent with a Roommate
\$400 per month

Budget Scenario Cards

Housing

Rent
\$1200 per month

Mortgage
\$800 per month

Budget Scenario Cards

Housing

Live at Home
\$0 per month

Budget Scenario Cards

Utilities

Utilities
\$100 per month

Utilities
\$90 per month

Budget Scenario Cards

Utilities

Utilities
\$150 per month

Utilities
\$75 per month

Budget Scenario Cards

Utilities

Utilities
\$120 per month

Budget Scenario Cards

Transportation

Used Car
\$3000 one-time-payment

Car Payments
\$454 Bi-Weekly
(for four years)

Budget Scenario Cards

Transportation

Car Payments
\$219 month
(5 year lease)

Transit Pass
\$109 per month

Budget Scenario Cards

Transportation

Car Payments
\$150 bi-weekly
(5 year loan)

Budget Scenario Cards

Cell Phone

Cell Phone
\$400 per month

Cell Phone
Pay as you go - \$20 per month

Budget Scenario Cards

Cell Phone

Cell Phone
\$200 per month

Cell Phone
\$100 per month

Budget Scenario Cards

Cell Phone

No Cell Phone
\$0

Budget Scenario Cards

Cable, Phone, Internet

Cable, Phone, Internet
\$150 per month

Cable, Phone, Internet
\$115 per month

Budget Scenario Cards

Cable, Phone, Internet

Internet only
(no cable or phone)
\$45 per month

Phone only
\$20 per month

Budget Scenario Cards

Cable, Phone, Internet

No cable, phone or Internet
\$0 per month

Budget Scenario Cards

Unexpected Expenses

Credit Card Bill
\$350

Shopping at the Mall
\$500

Budget Scenario Cards

Unexpected Expenses

Laptop Repair
\$150

Cell Phone Bill
\$300

Budget Scenario Cards

Unexpected Expenses

Car Repair
\$400