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## **Financial Literacy for the Middle Grades**

When a youth reaches the early teens, the possibility of **working** and **earning money** becomes a reality. Getting **that first job** and **learning the skills** needed to be successful as a good employee are critical to success in later life. The **work ethic** one develops will go a long way toward developing the habits of mind that translate into economic success in later years.

Young workers quickly learn the **connection between working and earning**. They learn that not everything they earn from working will go home as the **difference between gross income and net income** is realized. They also learn that the more **skilled and better educated** workers generally earn higher incomes. Hence, they see the **connection between learning and earning** and seeking a career track that fits their **wants and talents**.

As a consumer, the youth learns the difference between goods and services. Markets are created when buyers and sellers interact to exchange the goods and services as created by producers. They quickly learn the difference between spending all of their income or saving a portion of their income for future use. In so doing, they learn that role of banks is to provide a place for workers and earners to become savers and investors by utilizing basic banking tools such as checking accounts and savings accounts.

When they open their first checking accounts, young workers realize the importance of **reconciling** their financial transactions to maintain some sense of **financial responsibility**. With all the new financial tools available such as **ATM** cards to access available funds and **debit cards** to immediately utilize monies, it becomes critical that sound personal financial responsibility is exercised.

As consumers, young teens must make **informed financial decisions** weighing both the **benefits** and **costs** of every choice and understanding that for every choice selected, there is an **opportunity cost** for the next best alternative. Personal **budgets**, even basic plans about how one spends and/or saves income from jobs, are critical to becoming financially responsible.

Understanding the different kinds of costs (i.e. fixed, variable and periodic) and when they come due allows one to project available discretionary income that can be used for leisure time activities or other personal wants.

Realizing that as a responsible consumer, it is necessary to include in one's budget a plan for paying bills, either in person, by check or through electronic transaction, knowing how and when to do that establishes an individual as a **fiscally responsible** person. Understanding how **interest rates affect both savings and credit** goes a long way toward achieving financial competency. Likewise, understanding the role that **taxes** play in our society and the different kind of taxes (e.g. sales, income, property, luxury, excise) that serve different roles strengthens one's financial competency.

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- 1. Working and Earning;
  - a. Getting that first job
  - b. Skills vs. Interests
  - c. Good work ethic
  - d. Knowing the difference between a wage and a salary
    - i. Gross vs. net income
  - e. Workers and Earners
  - f. Income vs. expense
- 2. Understanding the difference between Cash and Credit
  - a. How does Interest work?
  - b. How does credit work?
- 3. What are Goods and Services?
  - a. The role of a Market
  - b. Producers and Consumers
  - c. Buyers and Sellers
- 4. Banking Basics
  - a. Spending vs. saving
  - b. How do savings accounts work?
    - i. How does interest grow my savings?
    - ii. Savers and Investors
  - c. How do checking accounts work?
    - i. What do you mean reconcile?
  - d. Other banking tools:
    - i. Debit Cards, ATM Cards, Electronic Banking
- 5. Economic Decision-Making
  - a. Opportunity Costs
  - b. Weighing costs vs. benefits
- 6. What is a Budget?
  - a. Fixed Costs
  - b. Variable Costs
  - c. Periodic Costs
  - d. Discretionary Income
- 7. Paying Bills
  - a. Installment loans
  - b. Electronic payments
  - c. Automatic payments
- 8. The role of taxes
  - a. Sales tax
  - b. Income tax
  - c. Property tax
  - d. Luxury/entertainment tax
  - e. Excise tax