

# MONEY MANAGEMENT INTRODUCTION



## SECTION GOAL

Illustrate the connection between saving and investing, as well as the importance of having both financial instruments in an individual's financial plan to build assets.

## SECTION ACTIVITIES AT A GLANCE

Use the chart to review possible activities to use. Because the activities are self-contained, they can be used independently or combined with other activities, depending on the needs of the participants.

✓	ACTIVITY	OBJECTIVES Participants will:
	<b>1. Saving vs. Investing</b>	<ul style="list-style-type: none"> <li>• Distinguish between the terms "saving" and "investing."</li> <li>• Identify the information found on a typical paycheck.</li> <li>• Learn about the Internet as a tool for money management.</li> <li>• Understand the value of a financial plan.</li> <li>• Recognize guidelines for a successful financial plan.</li> <li>• Explain why budgets are important.</li> </ul>
	<b>2. Saving for a Rainy Day</b>	<ul style="list-style-type: none"> <li>• Identify reasons to save.</li> <li>• Recognize concerns and issues when saving.</li> <li>• Identify places to save.</li> </ul>
	<b>3. 1 + 1 = Saving</b>	<ul style="list-style-type: none"> <li>• Compare and contrast types of interest.</li> <li>• Understand the impact of saving.</li> <li>• Recognize the regulations governing savings.</li> </ul>
	<b>4. Investing for the Long Term</b>	<ul style="list-style-type: none"> <li>• Compare the historical performance of the S&amp;P 500 with returns on savings accounts.</li> <li>• Understand the purpose of investing.</li> <li>• Define personal investment goals.</li> <li>• Recognize questions to ask when making an investment. (safety, returns, stability, access to funds, and diversification)</li> <li>• Compare and contrast places to invest.</li> <li>• Learn about online money management.</li> </ul>

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## PERSONAL FINANCE LITERACY STANDARDS CORRELATION

*National Standards in Personal Finance* (Jump\$tart Coalition for Personal Financial Literacy)

FINANCIAL STANDARD	ACTIVITIES			
<b>Saving and Investing</b> Students will be able to:	1	2	3	4
1. Explain the relationship between saving and investing.	✓	✓	✓	✓
2. Describe reasons for saving and reasons for investing.	✓	✓	✓	✓
3. Compare the risk, return, and liquidity of investment alternatives.		✓		✓
5. Explain how different factors affect the rate of return of investments.			✓	✓
6. Evaluate sources of investment information.				✓
7. Explain how agencies that regulate financial markets protect investors.		✓	✓	✓

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## STANDARDS FROM THE NATIONAL COUNCIL ON ECONOMIC EDUCATION

From the National Council on Economic Education

STANDARDS	ACTIVITIES			
	1	2	3	4
1. Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.		✓		
2. Effective decision-making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are “all or nothing” decisions.	✓	✓	✓	✓
3. Different methods can be used to allocate goods and services. People acting individually, or collectively through government, must choose which methods to use to allocate different kinds of goods and services.				✓
5. Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and usually among individuals or organizations in different nations.			✓	✓

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From the National Council on Economic Education

STANDARDS	ACTIVITIES			
	1	2	3	4
10. Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions.		✓		✓
16. There is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs.			✓	