

Cars and Condos: Budgeting Income To Cover Expenses

Lesson Authors

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Standards and Benchmarks (see page 18)

Lesson Description

There are two sides to a budget—income and expenses. When asked how to best balance a budget, people often respond by saying to reduce or eliminate expenses. In this lesson, students choose a car and a housing option and, using these expenses, determine if the income they earn from the occupation they've chosen will be sufficient when other expenses are added. If they determine it is insufficient, they seek ways they could increase the income side of the budget by improving their human capital.

Grade Level

8-12

Concepts

Expenses

Human capital

Income

Interest

Objectives

Students will be able to

- define the concepts of expenses, human capital, income, and interest;
 - identify a reputable online source for obtaining information about occupations;
 - estimate whether income is sufficient to cover expenses; and
 - describe additional human capital that can be developed to increase income in an occupation.
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Essential Question

How can a budget be adjusted so that income covers expenses?

Time Required

60 minutes

Materials

- Individual student access to the Occupational Outlook Handbook (www.bls.gov/ooh/)
 - *Handout 1: Occupation Summary*, one copy for each student
 - *Handout 2: Car Loans*, one copy for each group of 4-5 students
 - *Handout 3: Basic Monthly Budget*, one copy for each student
 - *Handout 4: Assessment*, one copy for each student
 - Pictures of local housing options showing the property and monthly rent. These can be found online. Supply each group with a range of housing options from low-rent, older-unit options to the most-expensive penthouse apartments your area offers.
 - Pictures of car ads showing the car and price. These can be found online. Cut the ads into individual pictures and supply each group with a range of car ads, from inexpensive used cars to the highest-priced new or late-model sports cars.
 - Poster board, one for each student
 - Black markers, one for each student
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Procedure

1. Explain to the students that someday each one of them is going to work full time. Ask a few students what they've thought about doing for a career. Direct them to the Occupational Outlook Handbook website at www.bls.gov/ooh/. Distribute a copy of *Handout 1: Occupation Summary* to each student and explain that they will use this to gather career information from the website.
 2. Project the website as students follow along on their personal devices. Explain that if they have an interest in a particular career or area of work, they can use the "Occupation Groups" menu to begin their search. Guide them to the "Select Occupations By" tab and point out that they can also search *Median Pay*, *Number of New Jobs (Projected)*, *Entry-level Education*, *Growth Rate (Projected)*, and *On-the-job Training*. They can also move directly to the "Browse Occupations" tab to check the career paths that are *Highest Paying*, *Fastest Growing (Projected)*, or offering the *Most New Jobs (Projected)*.
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3. Familiarize students with the information they will gather in their research by clicking on Architecture and Engineering in the “Occupation Groups” menu. Instruct them to read the paragraphs introducing the architecture and engineering occupations in general, specifically noting the projected growth rate, what people do in careers in these fields, and the median wage.
4. Point out the different occupations that fall into this category. Move through the other rows and ask the students to choose one they would like to discuss further (e.g., Aerospace Engineering and Operations Technicians). Click on that occupation. Refer the students to Handout 1 and show them where online they can get the information asked on the handout. Explain that they should click on the category links (e.g., How to Become an Aerospace Engineering and Operations Technician), rather than rely on the simple summary information. Instruct them to choose an occupation and fill in Section 1 of Handout 1.
5. Place students into groups of 4-5. Provide each group with several housing options, a set of car ads, and a copy of *Handout 2: Car Loans*. Point out that each housing option contains a monthly rent. The car ads, on the other hand, show a sale price. After students have chosen a housing option and a car, they can use Handout 2 to ascertain the car’s monthly price. Work through the following:
 - Tell the students to assume they have 10 percent of the car’s sale price available as a down payment. (Example: If the price of the car is \$30,000, students should assume they have a \$3,000 down payment.)
 - Instruct them to deduct 10 percent from the price of the car and to find a loan amount closest to the remainder of the price of the car.
 - Direct them to the interest rate. Explain that **interest** is the price of using someone else’s money. Those who lend money receive the amount they lent to the borrower as well as an extra amount called interest. Those who borrow money pay the amount they borrowed as well as an extra amount called interest. Ask the students to report the interest rate on their car loan. (*Answers will vary.*) Discuss the following:
 - When you are borrowing from someone, would you rather the interest rate be higher or lower? (*Lower*) Why? (*The borrower would rather the extra amount he or she must pay be lower.*)
 - When you are lending money to someone, would you rather the interest rate be higher or lower? (*Higher*) Why? (*The lender would rather the extra amount he or she is paid be higher.*)
 - What is the lowest interest rate you’ve seen on car loans? (*Answers will vary. There are loans with a 3 percent interest rate.*)
 - What is the highest interest rate you’ve seen on car loans? (*Answers will vary. There are loans with a 13 percent interest rate.*)

- Why are some interest rates higher and some lower? (*Answers will vary, but guide students to recognize that people with good credit habits are charged lower interest rates on loans.*)
 - Optional: Allow students time to search for the best interest rate they can find with the loan amount they are borrowing.
6. Distribute a pencil and a copy of *Handout 3: Basic Monthly Budget* to each student. Explain that there are two broad categories to a budget—income and expenses. **Income** is the payment people receive for providing resources in the marketplace. In other words, it is payment people earn for the work they do. **Expenses** are the costs people incur for goods and services. Direct students online to the “Pay” tab associated with the career they are investigating. Instruct them to divide the annual pay by 12 to get the monthly pay and to enter that amount in the first row for each of the month columns. In the Income sources column, they should report the source of their income as “Work as <chosen occupation>.”
 7. Instruct the students to fill in the monthly housing price and the monthly car payment for the January column and to deduct those amounts from the monthly income. Provide students with scrap paper for their calculations. Explain that this number is the amount of money left over to pay for all other monthly expenses and taxes. Ask the students to state some of the other expenses shown on the budget. (*Savings, Car insurance, Home insurance, Electric, Food, Clothing, Cable, Internet, Entertainment, Gasoline, Car maintenance, and Student loans*)
 8. Ask the students to report their income, their car and home expenses, and the amount of money they have left after deducting the car and home expenses from their income. Discuss whether they think they have enough money left over for their other expenses. (*Answers will vary, but many students may find that their income barely covered the car and home expenses. Some students may report that their income did not cover those two expenses.*)
 9. Instruct the students to list solutions within their group if their income is insufficient to cover their expenses, and then discuss as a class. (*Answers will vary, but students will likely discuss reducing expenses.*) If the students have not suggested increasing income, suggest this as another solution to the problem.
 10. Allow time for the students to try to reduce expenses by finding lower-priced housing and car options. Students can use their scrap paper to calculate the expenses. When they have found options that are covered by their income, ask for examples of housing and cars. Discuss whether the students are satisfied with these options.
 11. Remind the students that there are two sides to a budget. Ask them what the two sides are. (*Income and expenses*) Explain the following:

- To balance their budget, they can reduce their expenses, they can increase their income, or they can do some of both.
 - People can generally increase their income by investing in their human capital. **Human capital** is the knowledge and skills that people obtain through education, experience, and training. So, with every degree people earn, every training program people attend, or every certification people acquire, they invest in their human capital.
12. Instruct the students to return to the Occupational Outlook Handbook online to find an occupation that pays more or to find a way to enhance the pay in their chosen occupational area—for example, by obtaining more human capital in the form of education, licensing, or certifications. Model this research using the [Architecture and Engineering](#) link in the “Occupation Groups” menu as follows:
- Click on [Surveying and Mapping Technicians](#). Note that this job requires a high school diploma and has a median pay of \$43,340 (2017).
 - Click on the “Pay” tab and direct students to the table on the left that lists top industries and median pay for this occupation. (*In May 2017, Utilities: \$59,640; Mining, etc.: \$51,520; Local government: \$49,870; and Architectural, etc.: \$39,820*) Discuss the following:
 - Which of these industries would you avoid if you were interested in increasing your pay above the median? (*Architectural, engineering, and related services*) Why? (*The median pay in this industry is lower than that for the initial job in general.*)
 - In which industry would you seek a job if you were interested in earning the top pay for this occupation? (*Utilities*)
 - What is the approximate difference between the median pay for surveying and mapping technicians in the utilities industry and the median pay in general? (*Approximately \$16,000*)
 - By how much would \$16,000 increase your monthly income? (*\$1,333*)
 - Direct students to the chart on the right and ask them what the difference is between the first row and the second row. (*Answers will vary, but students should recognize that drafters and engineering technicians are included in the first row and that the pay is higher in the first row.*)
 - Press the browser’s back button a couple of times to return to the list of Architecture and Engineering Occupations. Click on [Drafters](#) and note that a drafter earns approximately \$11,000 more annually than a surveying and mapping technician does. Discuss the following:
 - What is the entry-level education for a drafter? (*Associate’s degree*)
 - What is the entry-level education for a surveying and mapping technician? (*High school diploma*)

- Are two years of additional schooling worth an extra \$11,000 a year? (*Answers will vary, but help students understand that \$11,000 per year for the nearly 45 years they will work is about half a million dollars—\$495,000*) Explain that for both of these occupations, wages would increase as the worker became more experienced, but the drafter's would likely increase more quickly.
 - If time permits, choose one of the engineering technician occupations and analyze it in a similar way.
13. Instruct the students to use the Occupational Outlook Handbook to explore two more related occupations that would pay more. Have them record those occupations in Sections 2 and 3 of Handout 1.
14. Invite the students to share the examples they found. As students share, help them generalize that increasing human capital has a strong positive impact on the amount of income earned.

Closure

15. Distribute a poster board and black marker to each student. Instruct the students to draw six connecting puzzle pieces, similar to a jigsaw puzzle. Instruct them to label each piece as follows: "Occupation," "What they do," "Human capital requirements," "Pay," "Job outlook," and "Budget." Discuss the following:
- Which of these categories differ from the categories on your Occupation Summary? (*Human capital requirements and Budget*)
 - What is human capital? (*Human capital is the knowledge and skills that people obtain through education, experience, and training.*)
 - Where on your Occupation Summary can you find a category meaning human capital requirements? (*Necessary education*)
 - What does the Budget category have to do with your occupation? (*The work you choose will determine your income.*)
 - What are the two broad categories of a budget? (*Income and expenses*)
 - What is income? (*Income is the payment people receive for providing resources in the marketplace. In other words, it is payment people earn for the work they do.*)
 - What are expenses? (*Expenses are the costs people incur for goods and services.*)
 - What are some examples of expenses? (*Answers will vary.*)
 - Is interest an expense or is it income? (*It can be both.*)
 - What is interest? (*It is the price of using someone else's money.*)
 - When is interest an expense? (*When you borrow money*)
 - When is interest income? (*When you lend money*)

- How can people better ensure that their budget is in the black—meaning, that their income is greater than their expenses? (*They can invest in or increase their human capital so that they are able to earn more income and/or they can reduce expenses.*)
16. Instruct the students to fill in their puzzle pieces as thoroughly as possible, with each piece containing the most pertinent and useful information. Explain that they should assume the audience for their puzzle knows nothing about their occupation or about budgeting. The information in each piece should relate to the other pieces so that someone could reassemble the puzzle given the information on each piece.

Assessment

17. Distribute a copy of *Handout 4: Assessment* to each student. Allow time for the students to work and then review the answers as follows:
1. Give some examples of expenses from the budget.
Answers will vary but may include rent, car payment, food, or clothing.
 2. When could interest be a source of income for Sam?
When he earns interest on savings
 3. In which budget categories is Sam paying interest as an expense?
He pays interest on his car loan and his student loans.
 4. How much income does Sam earn each month?
\$3,750
 5. What problem does Sam have?
His expenses are greater than his income.
 6. How might Sam solve this problem?
Sam can identify ways to increase his human capital so that he can earn more income and/or he could try to reduce expenses.
 7. Provide Sam with a reputable online source he can use to learn about occupations and the needed human capital.
Occupational Outlook Handbook (www.bls.gov/ooh/)
 8. Go to this reputable online source and identify a way Sam could increase his human capital in order to earn more income.
Sam could seek additional education to gain an Associate's degree or certification as a surgical technician or physical therapy aide. Each of these would lead to jobs that pay more than \$40,000 a year. Sam could also pursue a Bachelor's degree in nursing. This degree would allow Sam to earn \$70,000 a year.

Extension

18. Instruct the students to cut out their puzzle pieces. Mix all of the class puzzle pieces together. Have students work together to reassemble the puzzles based on both the way the pieces fit together and how the information on each piece relates to an overall puzzle.

19. Instruct the students to continue their work on the budget by inserting other reasonable expenses to see if income from the chosen occupation covers all expenses. If not, have them work on the income or the expense side of the budget until it balances.

Handout 1: Occupation Summary

Section 1

Occupation:

What they do:

Necessary education:

Pay:

Job outlook:

Section 2

Occupation:

What they do:

Necessary education:

Pay:

Job outlook:

Section 3

Occupation:

What they do:

Necessary education:

Pay:

Job outlook:

Handout 2: Car Loans (page 1 of 5)

Loan amount: \$2,500 Loan period: 36 months	Interest rate: 3.00 Payment: \$73	Loan amount: \$4,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$116
Loan amount: \$5,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$145	Loan amount: \$7,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$204
Loan amount: \$10,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$291	Loan amount: \$15,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$436
Loan amount: \$20,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$582	Loan amount: \$25,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$727
Loan amount: \$30,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$872	Loan amount: \$35,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$1,018
Loan amount: \$40,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$1,163	Loan amount: \$45,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$1,309
Loan amount: \$50,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$1,454	Loan amount: \$55,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$1,599
Loan amount: \$60,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$1,745	Loan amount: \$65,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$1,890
Loan amount: \$70,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$2,036	Loan amount: \$75,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$2,181
Loan amount: \$80,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$2,326	Loan amount: \$85,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$2,472
Loan amount: \$90,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$2,617	Loan amount: \$95,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$2,763
Loan amount: \$100,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$2,908	Loan amount: \$110,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$3,199
Loan amount: \$120,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$3,490	Loan amount: \$130,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$3,781
Loan amount: \$140,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$4,071	Loan amount: \$150,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$4,362
Loan amount: \$160,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$4,653	Loan amount: \$170,000 Loan period: 36 months	Interest rate: 3.00 Payment: \$4,944

Handout 2: Car Loans (page 2 of 5)

Loan amount: \$2,500 Loan period: 36 months	Interest rate: 9.00 Payment: \$79	Loan amount: \$4,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$127
Loan amount: \$5,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$159	Loan amount: \$7,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$223
Loan amount: \$10,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$318	Loan amount: \$15,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$477
Loan amount: \$20,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$636	Loan amount: \$25,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$795
Loan amount: \$30,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$954	Loan amount: \$35,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$1,113
Loan amount: \$40,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$1,272	Loan amount: \$45,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$1,431
Loan amount: \$50,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$1,590	Loan amount: \$55,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$1,749
Loan amount: \$60,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$1,908	Loan amount: \$65,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$2,067
Loan amount: \$70,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$2,226	Loan amount: \$75,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$2,385
Loan amount: \$80,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$2,544	Loan amount: \$85,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$2,703
Loan amount: \$90,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$2,862	Loan amount: \$95,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$3,021
Loan amount: \$100,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$3,180	Loan amount: \$110,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$3,498
Loan amount: \$120,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$3,816	Loan amount: \$130,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$4,134
Loan amount: \$140,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$4,452	Loan amount: \$150,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$4,770
Loan amount: \$160,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$5,088	Loan amount: \$170,000 Loan period: 36 months	Interest rate: 9.00 Payment: \$5,406

Handout 2: Car Loans (page 3 of 5)

Loan amount: \$2,500 Loan period: 36 months	Interest rate: 13.00 Payment: \$84	Loan amount: \$4,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$135
Loan amount: \$5,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$168	Loan amount: \$7,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$236
Loan amount: \$10,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$337	Loan amount: \$15,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$505
Loan amount: \$20,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$674	Loan amount: \$25,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$842
Loan amount: \$30,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$1,011	Loan amount: \$35,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$1,179
Loan amount: \$40,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$1,348	Loan amount: \$45,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$1,516
Loan amount: \$50,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$1,685	Loan amount: \$55,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$1,853
Loan amount: \$60,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$2,022	Loan amount: \$65,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$2,190
Loan amount: \$70,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$2,359	Loan amount: \$75,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$2,527
Loan amount: \$80,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$2,696	Loan amount: \$85,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$2,864
Loan amount: \$90,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$3,032	Loan amount: \$95,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$3,201
Loan amount: \$100,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$3,369	Loan amount: \$110,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$3,706
Loan amount: \$120,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$4,043	Loan amount: \$130,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$4,380
Loan amount: \$140,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$4,717	Loan amount: \$150,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$5,054
Loan amount: \$160,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$5,391	Loan amount: \$170,000 Loan period: 36 months	Interest rate: 13.00 Payment: \$5,728

Handout 2: Car Loans (page 4 of 5)

Loan amount: \$50,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,038	Loan amount: \$55,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,142
Loan amount: \$60,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,245	Loan amount: \$65,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,349
Loan amount: \$70,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,453	Loan amount: \$75,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,557
Loan amount: \$80,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,660	Loan amount: \$85,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,764
Loan amount: \$90,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,868	Loan amount: \$95,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$1,972
Loan amount: \$100,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$2,076	Loan amount: \$110,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$2,283
Loan amount: \$120,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$2,491	Loan amount: \$130,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$2,698
Loan amount: \$140,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$2,906	Loan amount: \$150,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$3,114
Loan amount: \$160,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$3,321	Loan amount: \$170,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$3,529
Loan amount: \$180,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$3,737	Loan amount: \$190,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$3,944
Loan amount: \$200,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$4,152	Loan amount: \$210,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$4,359
Loan amount: \$220,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$4,982	Loan amount: \$230,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$4,774
Loan amount: \$240,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$3,816	Loan amount: \$250,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$5,190
Loan amount: \$260,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$5,397	Loan amount: \$270,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$5,605
Loan amount: \$280,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$5,812	Loan amount: \$290,000 Loan period: 60 months	Interest rate: 9.00 Payment: \$6,020

Handout 2: Car Loans (page 5 of 5)

Loan amount: \$50,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$1,139	Loan amount: \$55,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$1,251
Loan amount: \$60,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$1,365	Loan amount: \$65,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$1,479
Loan amount: \$70,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$1,593	Loan amount: \$75,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$1,706
Loan amount: \$80,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$1,820	Loan amount: \$85,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$1,934
Loan amount: \$90,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$2,048	Loan amount: \$95,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$2,162
Loan amount: \$100,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$2,275	Loan amount: \$110,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$2,503
Loan amount: \$120,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$2,730	Loan amount: \$130,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$2,958
Loan amount: \$140,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$3,185	Loan amount: \$150,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$3,413
Loan amount: \$160,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$3,640	Loan amount: \$170,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$3,868
Loan amount: \$180,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$4,096	Loan amount: \$190,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$4,323
Loan amount: \$200,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$4,551	Loan amount: \$210,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$4,778
Loan amount: \$220,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$5,006	Loan amount: \$230,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$5,233
Loan amount: \$240,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$5,461	Loan amount: \$250,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$5,688
Loan amount: \$260,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$5,916	Loan amount: \$270,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$6,143
Loan amount: \$280,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$6,371	Loan amount: \$290,000 Loan period: 60 months	Interest rate: 13.00 Payment: \$6,598

Handout 3: Basic Monthly Budget

Income sources	January	February	March	April	May	June
TOTAL						

Expense categories	January	February	March	April	May	June
Housing						
Car						
Savings						
Car insurance						
Home insurance						
Electric						
Food						
Clothing						
Cable						
Internet						
Entertainment						
Gasoline						
Car maintenance						
Student loans						

Handout 4: Assessment (page 1 of 2)

Below is a budget for Sam Beach. Sam is a licensed practical nurse (LPN). Use the budget to answer the questions that follow.

Income sources	January	February	March	April	May	June
Work as LPN	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
TOTAL	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750

Expense categories	January	February	March	April	May	June
Taxes	\$625	\$625	\$625	\$625	\$625	\$625
Housing	\$900	\$900	\$900	\$900	\$900	\$900
Car	\$225	\$225	\$225	\$225	\$225	\$225
Savings	\$50	\$50	\$50	\$50	\$50	\$50
Car insurance	\$220	\$220	\$220	\$220	\$220	\$220
Home insurance	\$150	\$150	\$150	\$150	\$150	\$150
Health insurance	\$250	\$250	\$250	\$250	\$250	\$250
Electric, gas, water	\$225	\$225	\$225	\$225	\$225	\$225
Trash pick up	\$100	\$100	\$100	\$100	\$100	\$100
Food	\$225	\$225	\$225	\$225	\$225	\$225
Clothing	\$200	\$200	\$200	\$200	\$200	\$200
Cable/streaming services	\$100	\$100	\$100	\$100	\$100	\$100
Internet	\$75	\$75	\$75	\$75	\$75	\$75
Entertainment, including meals out	\$200	\$200	\$200	\$200	\$200	\$200
Gasoline	\$100	\$100	\$100	\$100	\$100	\$100
Car maintenance	\$75	\$75	\$75	\$75	\$75	\$75
Student loans	\$170	\$170	\$170	\$170	\$170	\$170
Cell phone	\$150	\$150	\$150	\$150	\$150	\$150
TOTAL	\$4,040	\$4,040	\$4,040	\$4,040	\$4,040	\$4,040

Handout 4: Assessment (page 2 of 2)

Name _____

Date _____

1. Give some examples of expenses from the budget.
2. When could interest be a source of income for Sam?
3. In which budget categories is Sam paying interest as an expense?
4. How much income does Sam earn each month?
5. What problem does Sam have?
6. How might Sam solve this problem?
7. Provide Sam with a reputable online source he can use to learn about occupations and the needed human capital.
8. Go to this reputable online source and identify a way Sam could increase his human capital in order to earn more income.

Standards and Benchmarks

National Standards for Financial Literacy

Earning Income

- **Benchmarks: Grade 8**
 1. Careers are based on working at jobs in the same occupation or profession for many years. Different careers require different education and training.
 2. People make many decisions over a lifetime about their education, jobs, and careers that affect their incomes and job opportunities.
 3. Getting more education and learning new job skills can increase a person's human capital and productivity.
 4. People with less education and fewer job skills tend to earn lower incomes than people with more education and greater job skills.
- **Benchmarks: Grade 12**
 1. People choose jobs or careers for which they are qualified based on the income they expect to earn and the benefits, such as health insurance coverage or a retirement plan, that they expect to receive.

Buying Goods and Services

- **Benchmarks: Grade 8**
 5. People may revise their budget based on unplanned expenses and changes in income.

Saving

- **Benchmarks: Grade 8**
 2. For the saver, an interest rate is the price a financial institution pays for using a saver's money and is normally expressed as an annual percentage of the amount saved.

Using Credit

- **Benchmarks: Grade 8**
 1. People who apply for loans are told what the interest rate on the loan will be. An interest rate is the price of using someone else's money expressed as an annual percentage of the loan principal.