

SESSION 16:

Factors for Financial Success and Earning Income

Session Description

Students participate in activities that demonstrate how improving their human capital will put them on a path to financial success.

Talking Points

Factors for Financial Success

1. Financial success depends on learning to manage your personal financial life and on learning to make informed decisions (see the PACED decision-making model in Session 1).
2. Financial success also depends on factors such as being willing to work hard, acquiring useful skills, having a good attitude, being motivated, and luck.

Earning Income

1. Human capital refers to the set of skills, education, and attitudes a person possesses.
2. Human capital can be increased by getting more education and training, practicing a skill or task, developing a strong work attitude/ethic, and by staying healthy.
3. Higher levels of human capital are associated with higher levels of productivity, which in turn are associated with a greater demand for a person's services.
4. As a person acquires more human capital, there are fewer other people who possess a similar set of skills, which means there is a lower supply of people able to do what that person does.
5. Greater demand coupled with lower supply leads to higher wages for people with higher levels of human capital.
6. In particular, higher levels of education are associated with both higher incomes and lower rates of unemployment.
7. Net income (or disposable income) is gross income minus taxes and other deductions.
8. Instead of working for someone else (for wages or salaries), one can also work for him or herself (for profit) as a business owner or entrepreneur.
9. Entrepreneurs are people who tend to have certain personal characteristics, including self-reliance, self-motivation, a desire to achieve, and a willingness to take risks, work hard, and lead others.

Tools for Teaching the Arkansas Economics and Personal Finance Course

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Session 16: Standards and Benchmarks

Arkansas Economic Standards

Strand: Personal Financial Management

Content Standard 8: Students will analyze factors affecting income, wealth, and financial risk.

- PFM.8.E.1 Analyze the impact of education, training, and other factors on productivity and income potential (e.g., interpersonal skills, workforce readiness skills, ethics)

Common Core State Standards

- CCSS.ELA-Literacy.RH.9-10.1 Cite specific textual evidence to support analysis of primary and secondary sources, attending to such features as the date and origin of the information.
- CCSS.ELA-Literacy.RH.9-10.2 Determine the central ideas or information of a primary or secondary source; provide an accurate summary of how key events or ideas develop over the course of the text.
- CCSS.ELA-Literacy.RH.9-10.4 Determine the meaning of words and phrases as they are used in a text, including vocabulary describing political, social, or economic aspects of history/social science.
- CCSS.ELA-Literacy.SL.9-10.1 Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 9–10 topics, texts, and issues, building on others' ideas and expressing their own clearly and persuasively.
- CCSS.ELA-Literacy.SL.9-10.1d Respond thoughtfully to diverse perspectives, summarize points of agreement and disagreement, and, when warranted, qualify or justify their own views and understanding and make new connections in light of the evidence and reasoning presented.
- CCSS.ELA-Literacy.L.9-10.4 Determine or clarify the meaning of unknown and multiple-meaning words and phrases based on *grades 9–10 reading and content*, choosing flexibly from a range of strategies.
- CCSS.ELA-Literacy.L.9-10.6 Acquire and use accurately general academic and domain-specific words and phrases, sufficient for reading, writing, speaking, and listening at the college and career readiness level; demonstrate independence in gathering vocabulary knowledge when considering a word or phrase important to comprehension or expression.
- CCSS.ELA-Literacy.RH.11-12.1 Cite specific textual evidence to support analysis of primary and secondary sources, connecting insights gained from specific details to an understanding of the text as a whole.

- CCSS.ELA-Literacy.RH.11-12.2 Determine the central ideas or information of a primary or secondary source; provide an accurate summary that makes clear the relationships among the key details and ideas.
- CCSS.ELA-Literacy.SL.11-12.1 Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 11–12 topics, texts, and issues, building on others’ ideas and expressing their own clearly and persuasively.
- CCSS.ELA-Literacy.SL.11-12.1d Respond thoughtfully to diverse perspectives; synthesize comments, claims, and evidence made on all sides of an issue; resolve contradictions when possible; and determine what additional information or research is required to deepen the investigation or complete the task.
- CCSS.ELA-Literacy.L.11-12.4 Determine or clarify the meaning of unknown and multiple-meaning words and phrases based on *grades 11–12 reading and content*, choosing flexibly from a range of strategies.
- CCSS.ELA-Literacy.L.11-12.6 Acquire and use accurately general academic and domain-specific words and phrases, sufficient for reading, writing, speaking, and listening at the college and career readiness level; demonstrate independence in gathering vocabulary knowledge when considering a word or phrase important to comprehension or expression.

Session 16: Resources

Factors for Financial Success

1. Financial Fitness for Life (9-12) (*Virtual Economics*® 4.5)
 - a. Lesson 1: How to Really Be a Millionaire
 - b. Adaptation: True/False/Millionaire Signs
 - i. Use with the activity in the lesson. Copy each page on different-colored card stock, cut out, and laminate for durability. You will need one of each sign for each pair of students.

Earning Income

2. Lesson: Developing Human Capital with Paper Airplanes (Economics Arkansas); https://economicsarkansasorg.presencehost.net/file_download/inline/6a5878a6-49df-4efa-b234-fcaf2f4ce707
3. It's Your Paycheck Curriculum Unit (Federal Reserve Bank of St. Louis)
 - a. Unit A: Know Your Dough, Lessons 1 and 2; <https://www.stlouisfed.org/education/its-your-paycheck-curriculum-unit>
 - i. Choose the "Lesson 1: Invest in Yourself" PDF and the accompanying slides of your choice:
 - (1) SMART Notebook
 - (2) PowerPoint
 - (3) ActivInspire
 - ii. Choose the "Lesson 2: 'W' Is for Wages, W4 and W2" PDF and the accompanying slides of your choice:
 - (1) SMART Notebook
 - (2) PowerPoint
 - (3) ActivInspire
4. Lesson: College: Learning Skills to Pay the Bills (*Page One Economics Classroom Edition*, Federal Reserve Bank of St. Louis); <https://www.stlouisfed.org/education/page-one-economics-classroom-edition/college-learning-the-skills-to-pay-the-bills>.
 - a. Choose "Classroom Edition."

5. Lesson: Investing in Yourself: An Economic Approach to Education Decisions (*Page One Economics* Classroom Edition, Federal Reserve Bank of St. Louis); http://www.stlouisfed.org/education_resources/investing-in-yourself-an-economic-approach-to-education-decisions/.
 - a. Choose "Classroom Edition."
6. Entrepreneurship Economics (*Virtual Economics*® 4.5)
 - a. Lesson 9: The Entrepreneur and Human Capital
7. Financial Fitness for Life (9-12) (*Virtual Economics*® 4.5)
 - a. Lesson 7: Uncle Sam Takes a Bite
8. Lesson: U.S. Income Inequality: It's Not So Bad (*Inside the Vault*, Federal Reserve Bank of St. Louis); <https://www.stlouisfed.org/publications/inside-the-vault/spring-2010/us-income-inequality-its-not-so-bad>

Adaptation: True/False/Millionaire Signs (page 1 of 3)

Use with the activity in “**Lesson 1: How to Really Be a Millionaire**” in *Virtual Economics*® 4.5: Financial Fitness for Life (9-12).

TRUE

TRUE

TRUE

TRUE

Adaptation: True/False/Millionaire Signs (page 2 of 3)

FALSE

FALSE

FALSE

FALSE

Adaptation: True/False/Millionaire Signs (page 3 of 3)

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