

# IT'S YOUR PAYCHECK!

Produced by the Federal Reserve Bank of St. Louis

CENTRAL TO AMERICA'S ECONOMY<sup>®</sup>  
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## **Overview**

In 2005, the Federal Reserve Bank of St. Louis was a partner in a community initiative to educate teens about how to manage their personal finances. As part of the initiative, a program called *Your Paycheck* was developed. This program involved college students teaching personal finance concepts to new, teenage employees of local businesses.

In 2007, as part of its economic and financial education program, the St. Louis Fed decided to develop its own personal finance curriculum—called *It's Your Paycheck!*—for use by high school educators, with similar and expanded content based on *Your Paycheck*.

*It's Your Paycheck!* is designed for use in high school personal finance classes. The curriculum contains three sections—"Know Your Dough," "KaChing!" and "All About Credit." The lessons in each of these sections use various teaching strategies to engage students and give them opportunities to apply the concepts taught. Each lesson includes black-line masters of the handouts and visuals needed to teach the lesson. In addition, PowerPoint, SMART Notebook, and ActivInspire files are available for use with each lesson.

In 2014, the curriculum was revised to incorporate information about banks and financial services that had changed since 2007, update dates and data, and provide exercises that align more closely with Common Core State Standards.

The end of each lesson lists the standards and benchmarks with which the lesson correlates for the National Financial Literacy Standards and the Voluntary National Economics Standards, both published the Council on Economic Education, as well as the Common Core State Standards.

The content of the lessons has also been adapted into nine online courses available on the Federal Reserve Bank of St. Louis website—[www.stlouisfed.org/education\\_resources](http://www.stlouisfed.org/education_resources).

## Unit A: Know Your Dough

### Lesson 1: Invest in Yourself

Students are divided into four groups to produce name tents. Each group produces name tents in a different way to highlight different levels of human capital. Students identify ways in which people invest in their human capital. Students use the Bureau of Labor Statistics *Occupational Outlook Handbook* to analyze unemployment, educational attainment, and median weekly income data for 2012. They work with a partner to create a graphical representation of the data and share their examples with the class. As an assessment, they write several sentences that describe the unemployment, educational attainment, and median weekly income data and explain the likely impact of investment in human capital on potential earnings and unemployment. A second assessment asks students to use the *Occupational Outlook Handbook* to select an occupation of interest and outline the investments in human capital they must make to obtain that occupation.

### Lesson 2: “W” Is for Wages, W-4, and W-2

Students compute the gross pay for fictional John Dough given his hourly wage and the number of hours worked. They compare gross pay with net pay. They learn what FICA and federal income taxes are. They learn how to complete Form W-4 and about Form W-2. In the assessment, students re-read the information provided on a W-4 and provide a more easily understood explanation to a friend in an e-mail.

## Unit B: KaChing!

### Lesson 3: Cash the Check and Track the Dough

Students learn about checking accounts, savings accounts, and check-cashing services. They learn the components of a check and how to organize and enter information into a bank account register, balance a monthly account statement, and write a check. They also learn why maintaining account records is important.

### Lesson 4: Your Budget Plan

Students work in pairs to participate in a “Track Star” game that illustrates positive and negative spending behaviors. Each pair analyzes the game results, identifies effective and ineffective budgeting behaviors, and generates a list of budgeting principles.

### Lesson 5: Savvy Savers

Students calculate compound interest to identify benefits of saving in interest-bearing accounts. They learn the “rule of 72” and that it applies to both investments and debt. They apply the rule of 72 to several savings scenario. They learn that there is a relationship between the level of risk for an investment and the potential reward or return on that investment.

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## It's Your Paycheck!

## **Unit C: All About Credit**

### **Lesson 6: Credit Reports—and You Thought Your Report Card Was Important**

Students read informational text and discuss the advantages and disadvantages of using credit and the importance of maintaining a good credit history. Students read a scenario about a young person's use of a credit card and answer questions regarding repayment. Students learn about credit history, credit reports, and the three credit bureaus. Students read a scenario and write an essay addressing the key points of the lesson.

### **Lesson 7: Creditors' Criteria and Borrowers' Rights and Responsibilities**

Students discuss key terms related to credit and learn how creditors use capacity, character, and collateral as criteria for making loans. Students learn about credit rights and responsibilities. Groups use role-play scenarios to identify and discuss the rights and responsibilities of using credit.

### **Lesson 8: So How Much Are You Really Paying for That Loan?**

Students learn what a payday loan is and the high cost involved in using such a loan. They work in groups to calculate the cost of loans at given annual percentage rates (APRs). As an assessment, students select four scenarios involving payday lending, offer reasons why payday loans might not be the best alternative, and suggest other options for financing what the individuals want.

### **Lesson 9: To Rent-to-Own or Not to Rent-to-Own?**

Students review the elements of a contract. They discuss the characteristics of rent-to-own contracts and compare the cost of those contracts with the outright purchase of goods.

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