

Personal Finance and Economics

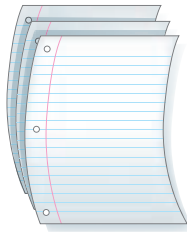
TOPIC SUMMARY

Each day, people make decisions about how to manage their money. To make the best financial decisions, consumers should be aware of their rights. One way for consumers to manage their money effectively is by creating a budget that records both income and expenses. Creating a budget can help consumers avoid a deficit. A budget can also help people use credit responsibly. Using credit wisely helps consumers avoid managing a large debt or going into bankruptcy. Effective budgeting also involves saving for the future. To obtain better interest rates, investors may put their money into stocks, bonds, or mutual funds. People who manage their money well avoid impulse buying and make wise long-term financial decisions.

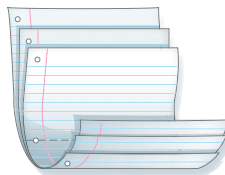
FOLDABLES[™] Study Organizer

Comparing Information Study Foldable This Foldable will help students compare the rights and responsibilities of consumers with regards to their personal finances.

Step 1 Lay three sheets of paper on top of one another, about one inch apart at the top.

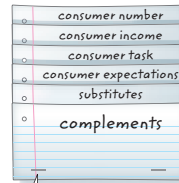


Step 2 Fold up the bottom edges of the paper to form 6 tabs.



Step 3 When the tabs are all the same size, crease the paper to hold the tabs in place and staple the sheets together. Label the tabs as shown.

Staple together along the fold.



Reading and Writing

Organize information about the different forces that affect the impact of demand on the economy. Write facts under each appropriate tab.

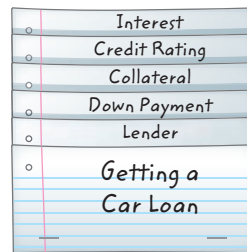
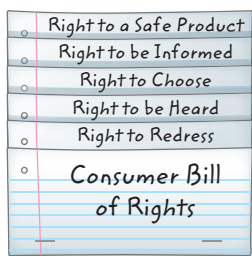
TOPIC ACTIVITY IDEAS

Discussing

After students have created the Foldable activity above, organize the class in small groups. Have each group choose a financial transaction that students might encounter in the future, such as saving for college, buying a car, or paying off debt. Have each group use the terms and vocabulary presented in the Foldable to describe the transaction. Then lead a class discussion that explores the rights and responsibilities of consumers in each transaction.

EXPLAINING

Have students use the Foldable to explore the Consumer Bill of Rights. Tell students to label the Foldable as shown and to explain each of the consumer rights beneath the appropriate tab. In addition, students should provide examples of how they have exercised each of these rights, or how they might do so in the future. When students have completed the Foldable, lead a class discussion about the importance of consumer rights. Then have students create a summary statement beneath the "Consumer Bill of Rights" tab that explains the need for consumers' rights in the marketplace.



ORGANIZING

Have students use the Foldable to organize information related to car loans. Tell them to scan newspapers to find examples of local automobile financing. Students should note language in the advertisements that describes interest rates, down payments, and the effect of credit ratings on obtaining loans. Have students record their findings beneath the appropriate tabs. Then have them create summary statements beneath the heading "Getting a Car Loan" to describe their findings. Students may note in their summaries which of the local lenders is the best choice for an individual seeking a car loan.

Student Study Tip

Point out to students that many of the important terms are presented together with this topic with words that have opposite meanings; for example, students will encounter *income* and *expenses*, as well as *surplus* and *deficit*. Have students log these word pairs in their notes with definitions.