

Theme Introduction: Consumer Skills

COURSE TITLE:
Personal Finance

THEME TOPIC:
Consumer Skills

GRADE LEVEL:
10-12

Missouri Competencies:

- MM.6: Evaluate how insurance (e.g., auto, home, life, medical and long-term health) and other risk management strategies protect against financial loss.
- SC.1: Compare the benefits and costs of alternatives in spending decisions.
- SC.2: Evaluate information about products and services.
- SC.3: Compare the advantages and disadvantages of different payment methods.
- SC.4: Analyze the benefits and costs of consumer credit.
- SC.6: Evaluate the terms and conditions of credit cards and consumer loans.
- SC.9: Demonstrate awareness of consumer protection and information (e.g. identity theft, phishing, scams)
- SC.11: Describe the rights and responsibilities of buyers and sellers under consumer protection laws.

Theme Rationale:

Living independently requires people to know about the many choices available for housing, transportation, insurance and other consumer goods and services. By learning to apply the economic way of thinking, students will be prepared to analyze the variety of options and to prioritize their wants and needs.

Essential Questions:

1. What information should an individual or household use to evaluate consumer purchases or agreements?

Instructional Objectives in This Theme:

- A: Evaluate consumer purchases/agreements using the Problem, Alternatives, Criteria, Evaluate, Decide (PACED) decision-making model. (SC.1, MM.6)
- B: Analyze how advertising influences consumer decision making. (SC.1, SC.2)
- C: Analyze the rights and responsibilities of consumers in the marketplace. (SC.9, SC.11)
- D: Evaluate the costs and benefits of buying, leasing or renting. (SC.1, SC.2, SC.3)
- E: Analyze financing options of consumer purchases. (SC.4, SC.6)
- F: Evaluate various forms of insurance coverage. (MM.6)

Instructional Components

Summary:

1. Pretest and post test with record sheet.
2. CSI lesson 10: Making the News.
3. CSI lesson 11: Locating a Home.

Sample Pretest and Post Test:

The included tests are intended only as sample questions to assess student mastery, not as end-of-unit exams, nor are the questions representative of the state's end-of-course exam for Personal Finance. Some questions require higher order thinking skills. The accompanying record sheet is designed to help teachers compare student mastery throughout a course before and after instruction.

SCHEDULE:	NUMBER OF CLASSES:
50-min Period	10 Class Periods
90-min Period	6 Class Periods
120-min Period	5 Class Period

Also consider the enclosed lesson activity recommendations. Instructional objective references are included for each lesson.

Technology Integration:

Keep in mind that as you locate and use websites, updates can change links and availability of information. Check any website you plan to use BEFORE sending students to it.

- Use keyword searches to access a variety of consumer resources websites for effective shopping, consumer protection, and buying habit assessments: lease agreements, car buying, real estate, and insurance resources.
- Use the car buying link on your favorite search engine.
- Use the real estate link on your favorite search engine.
- Review insurance products from a variety of insurance company web sites.
- Possible web sites:
 - www.edmunds.com auto prices and values, tips for buying and selling
 - www.kbb.com current auto values
 - www.iii.org insurance information site
 - www.realtor.com real estate information website

Reading and Writing Resources:

- Research a “dream car” and a “practical car.” Include the financing costs and insurance costs on the practical car; maintenance costs and annual tax costs would also be helpful information.
- Research a “dream home” and a “practical home.” Add the financing information, a timeline for purchase of the practical home, and the insurance needs for the practical home. A more extensive property list and replacement value chart may be developed for this project. Additionally, include annual property taxes and other costs, such as homeowners association fees.
- Read the policy booklets for auto, homeowners, renters, life, and health insurance policies.
- Review the processes, documentation, and expenses involved in final expenses and estate management.
- Examine, discuss, and reflect on individual buying habits. Develop a strategy for managing consumer purchasing.
- Review a sample lease agreement for both an auto and an apartment.
- CSI # 10 – writing a column for the school newspaper.

Higher Order/Critical Thinking Instructional Strategies:

CSI # 11 Assignment (Analyze choices and evaluate processes)

Key Vocabulary:

- | | | |
|--------------------------------|----------------------|---------------------------------------|
| • Acceptance | • Intermediate goods | • Property coverage |
| • Cash value | • Landlord | • Property rights |
| • Consumers | • Lease | • Property taxes |
| • Coordination of benefits | • Liability coverage | • Public goods |
| • Counteroffer | • Market | • Replacement value |
| • Deed | • Market system | • Rider |
| • Demand | • Market value | • Risk (insurance) |
| • Equity | • Medium of exchange | • Services |
| • Escrow/earnest money | • Offer | • Security deposit |
| • Face value | • Per capita GDP | • Sticker price |
| • Goods | • Peril | • Tenant |
| • Gross Domestic Product (GDP) | • Policy | • Title |
| • Insurance | • Premium | • Vehicle Identification Number (VIN) |
| | • Price producers | |

Recommended Lesson Activities

Consumer Skills

with Instructional Objective Alignments

Instructional Objectives in This Theme:

- A: Evaluate consumer purchases/agreements using the Problem, Alternatives, Criteria, Evaluate, Decide (PACED) decision-making model. (SC.1, MM.6)
- B: Analyze how advertising influences consumer decision making. (SC.1, SC.2)
- C: Analyze the rights and responsibilities of consumers in the marketplace. (SC.9, SC.11)
- D: Evaluate the costs and benefits of buying, leasing or renting. (SC.1, SC.2, SC.3)
- E: Analyze financing options of consumer purchases. (SC.4, SC.6)
- F: Evaluate various forms of insurance coverage. (MM.6)

Using the Activities Chart:

MATCH ACTIVITIES TO THE MISSOURI PERSONAL FINANCE INSTRUCTIONAL OBJECTIVES.

1. Lesson activity recommendations are listed alphabetically by source and activity name.
2. Web addresses (URLs) are provided for all activities found online.
3. Activities are aligned to the objectives at right, indicated by the letter designation.
4. Additional space is provided for teachers to add their own lesson activity ideas to the listing.

Instructional Objectives in This Theme:

- MM.6 Evaluate how insurance (e.g., auto, home, life, medical and long-term health) and other risk-management strategies protect against financial loss.
- SC.1 Compare the benefits and costs of alternatives in spending decisions.
- SC.2 Evaluate information about products and services.
- SC.3 Compare the advantages and disadvantages of different payment methods.
- SC.4 Analyze the benefits and cost of consumer credit.
- SC.6 Evaluate the terms and conditions of credit cards and consumer loans.
- SC.9 Demonstrate awareness of consumer protection and information (e.g., identity theft, phishing, scams).
- SC.11 Describe the rights and responsibilities of buyers and sellers under consumer protection laws.

Recommended Lesson Activities

Consumer Skills

with Instructional Objective Alignments

<i>Consumer Skills</i>		A.	B.	C.	D.	E.	F.
1.	EconEdLink, <i>Break a Leg</i> http://www.econedlink.org/lessons/index.cfm?lesson=EM312&page=teacher	✓	✓				✓
2.	EconEdLink, <i>Buying vs. Renting</i> http://www.econedlink.org/lessons/index.cfm?lesson=MM162&page=teacher	✓			✓		
3.	EconEdLink, <i>Car Loan Project</i> http://www.econedlink.org/lessons/index.cfm?lesson=EM386&page=teacher	✓	✓		✓	✓	
4.	EconEdLink, <i>The Economics of Homebuying</i> http://www.econedlink.org/lessons/index.cfm?lesson=NN121&page=teacher	✓			✓	✓	
5.	EconEdLink, <i>Marketplace: Back-to-School Retail</i> http://www.econedlink.org/lessons/index.cfm?lesson=EM253&page=teacher	✓	✓	✓			
6.	EconEdLink, <i>Marketplace: Corporate Leap Frog</i> http://www.econedlink.org/lessons/index.cfm?lesson=EM505&page=teacher		✓	✓			
7.	EconEdLink, <i>Trish and Scott's Big Adventure: An Investigation of Regional Housing Costs</i> http://www.econedlink.org/lessons/index.cfm?lesson=EM45&page=teacher	✓			✓	✓	
8.	FDIC Money Smart, CD-ROM or VHS, <i>Module 6: Keep It Safe</i> Program and ordering information is available at: http://www.fdic.gov/consumers/consumer/moneysmart/overview.html			✓	✓		
9.	FDIC Money Smart, CD-ROM or VHS, <i>Module 9: Loan to Own</i> Program and ordering information is available at: http://www.fdic.gov/consumers/consumer/moneysmart/overview.html	✓				✓	

Recommended Lesson Activities Consumer Skills with Instructional Objective Alignments

	<i>Consumer Skills</i>	A.	B.	C.	D.	E.	F.
10.	FDIC Money Smart, CD-ROM or VHS, <i>Module 10: Your Own Home</i> Program and ordering information is available at: http://www.fdic.gov/consumers/consumer/moneysmart/overview.html	✓			✓	✓	
11.	NCEE, CD-ROM Curriculum, <i>Financial Fitness for Life, Lesson 16: Shopping for a Mortgage</i> Pricing and ordering information: http://store.ncee.net/finfitperfin2.html			✓	✓	✓	
12.	NCEE, CD-ROM Curriculum, <i>Financial Fitness for Life, Lesson 17: Shopping for an Auto Loan</i> Pricing and ordering information: http://store.ncee.net/finfitperfin2.html			✓	✓	✓	
13.	NCEE, CD-ROM Curriculum, <i>Financial Fitness for Life, Lesson 18: Consumer Credit Protection</i> Pricing and ordering information: http://store.ncee.net/finfitperfin2.html			✓			
14.	NCEE, CD-ROM Curriculum, <i>Financial Fitness for Life, Lesson 19: Scams and Schemes</i> Pricing and ordering information: http://store.ncee.net/finfitperfin2.html		✓	✓		✓	
15.	NCEE, Curriculum for Special Needs Students, <i>Practical Money Skills, Lesson 5: Buying a Home</i> http://practicalmoneyskills.com/english/at_school/teachers	✓			✓	✓	
16.	NCEE, Curriculum for Special Needs Students, <i>Practical Money Skills, Lesson 9: Cars and Loans</i> http://practicalmoneyskills.com/english/at_school/teachers			✓	✓	✓	

Recommended Lesson Activities
Consumer Skills
with Instructional Objective Alignments

<i>Consumer Skills</i>	A.	B.	C.	D.	E.	F.

Personal Finance Pretest Consumer Skills

Name: _____

Date: _____

Class Period: _____

Grade: _____

Objectives:

- A: Evaluate consumer purchases/agreements using the Problem, Alternatives, Criteria, Evaluate, Decide (PACED) decision-making model. (SC.1, MM.6)
- B: Analyze how advertising influences consumer decision making. (SC.1, SC.2)
- C: Analyze the rights and responsibilities of consumers in the marketplace. (SC.9, SC.11)
- D: Evaluate the costs and benefits of buying, leasing or renting. (SC.1, SC.2, SC.3)
- E: Analyze financing options of consumer purchases. (SC.4, SC.6)
- F: Evaluate various forms of insurance coverage. (MM.6)

1. List and explain each step of the decision-making process.

2. What are three strategies used in advertising? Why are these strategies used? How do they work?

3. What are the rights of consumers? How do these rights allow us to be effective consumers?

4. What are the responsibilities of consumers? How do these responsibilities enable us to be effective consumers?

5. Read the following scenario and advise Marge on her financial situation.

Marge Gallily must move to a new town and is considering her options in finding a place to live. She is single, young and just began a new career. Her income will allow her to spend approximately \$650 monthly on housing. She has looked around town and found a few places she likes that would be within her budget. She is considering renting an apartment or buying half of a duplex. What advice can you give Marge as far as steps that she would need to take and information she would need to gather to make an educated decision?

6. In purchasing a major item (e.g., vehicle, home), what finance options need to be considered? What types of financing may be available, and what information would you look at to determine the best option for the situation?

7. List four types of insurance needed in order to lead a more risk-free lifestyle. What do each of these types of insurance do for a consumer?

Personal Finance Post Test Money Management - Consumer Skills

Name: _____

Date: _____

Class Period: _____

Grade: ___/53

Objectives:

- A: Evaluate consumer purchases/agreements using the Problem, Alternatives, Criteria, Evaluate, Decide (PACED) decision-making model. (SC.1, MM.6)
- B: Analyze how advertising influences consumer decision making. (SC.1, SC.2)
- C: Analyze the rights and responsibilities of consumers in the marketplace. (SC.9, SC.11)
- D: Evaluate the costs and benefits of buying, leasing or renting. (SC.1, SC.2, SC.3)
- E: Analyze financing options of consumer purchases. (SC.4, SC.6)
- F: Evaluate various forms of insurance coverage. (MM.6)

(5 pts for listing, 5 pts for explaining the process. 10 pts total.)

1. List and explain each step of the decision-making process.

(1 pt for each answer for a total of 5 pts.)

2. What are three strategies used in advertising? Why are these strategies used? How do they work?

(1 pt each and 2 pts for explanation. 5 pts total.)

3. What are the rights of consumers? How do these rights allow us to be effective consumers?

(1 pt each and 2 pts for the explanation. 5 pts total.)

4. What are the responsibilities of consumers? How do these responsibilities enable us to be effective consumers?

(3 pts for the steps, 5 pts for information needed, and 2 pts for advice. 10 pts total.)

5. Read the following scenario and advise Marge on her financial situation.

Marge Gallily must move to a new town and is considering her options in finding a place to live. She is single, young and just began a new career. Her income will allow her to spend approximately \$650 monthly on housing. She has looked around town and found a few places she likes that would be within her budget. She is considering renting an apartment or buying half of a duplex. What advice can you give Marge as far as steps that she would need to take and information she would need to gather to make an educated decision?

(1 pt for each option, 1 pt for each financing option, and 3 pts for information. 10 pts total.)

6. In purchasing a major item (e.g., vehicle, home), what finance options need to be considered? What types of financing may be available and what information would you look at to determine the best option for the situation?

(1 pt each for a total of 8 pts.)

7. List four types of insurance needed in order to lead a more risk-free lifestyle. What do each of these types of insurance do for a consumer?



Making the News

The Set Up:

Your school newspaper is seeking someone to write an advice column for students to give them practical tips on many consumer issues that face you and others your age. One of your best friends is the editor and if you apply for this position on the paper, you will get to spend more time together. The staff has reviewed the applications and selected you to write the column for *MO News*.

The Investigation:

As editor, your friend spends lots of time making sure the print and online versions are accurate and informative. Select one of the topics below for your first column in the *MO News*. Remember your editor wants your column to be *informative*. Space is limited, so be precise. Cite your references for editorial courtesy.



M E M O

MO News Editorial Desk

To: The Editorial Staff
From: Pape R. Chase, Editor
Re: Upcoming Issues: Topics for Advice Column

Based on our last staff meeting, I have summarized the topics/themes we agreed should be covered in *MO News* in the near future. Select one of the topics below and please submit your column to me before press time.

Remember to be concise, address the topic and use good grammar.

1. Advertising and the consumer. How does advertising inform the consumer and how can it be misleading? What advice or suggestions could you give our readers?
2. Consumers have rights and responsibilities. Our readers need to know how they should be protected when buying goods and services. Pick a favorite consumer item and write an editorial for the readers to explain how they can learn about their rights and their responsibilities when purchasing this item.
3. Young adults purchase items and resell them in the marketplace. Research the costs and benefits and give our readers some guidelines for buying, selling and even leasing. Cars and apartments or condos might be good examples for our readers.
4. Ownership or renting comes with the need for insurance. Help our readers understand the need for coverage and give them advice about their options.

Consumer Scene Investigation Grade Sheet

CSI 10 - Making the News

Competencies: SC.2: Evaluate information about products and services.
 SC.11: Describe the rights and responsibilities of buyers and sellers under consumer protection laws.

Objectives: C: Analyze the rights and responsibilities of consumers in the marketplace. (SC.9, SC.11)

*Depends on the topic that the student chooses to research and write about.

Name: _____

Date: _____

Criteria:	5	4	2	1	Total:
Content	Contains required content and would be helpful to other students.	Contains required content but students may have minor questions.	Students may not understand the content presented.	Content was attempted but did not meet expectations.	
Information	Information was accurate, relevant, useful to other students and thorough. The topic was well researched.	Information was missing minor points but would mostly be useful to other students. The topic was researched.	Information included a lot of opinion; very little research was shown.	Information was inaccurate or primarily opinion and could not be used as a resource for other students.	
Organization	Organization of the column flowed smoothly and showed careful planning to create a logical sequence.	Organization of the column was present and allowed the narrative to flow smoothly.	Organization allowed the column to be easy to read.	Organization was not present and causes the column to be awkward and confusing.	
Writing Style	Clear and interesting to read, sentence structure was varied and allowed the writing to be read easily.	Clear and interesting to read, met the needs of the target audience.	Understandable, complete sentences were used but could have been more interesting.	Column was not understood due to poor writing style.	
Mechanics	Contained no mechanical errors.	Contained 1 error in grammar, punctuation or spelling.	Contained 2 errors in grammar, punctuation or spelling.	Contained 3-5 errors in grammar, punctuation or spelling.	
				Total:	



Locating a Home

The Set Up:

George and Ellen Pence, a couple in your community, are ready to buy a home. The Pences are currently renting a two-bedroom apartment and would like to own their home and possibly have more space for their growing family. Since setting a budget for family expenses four years ago, they have had two children, Thomas and Maria. Despite the additional expenses that come with having a three-year-old child and an infant, the Pences have managed to save \$5,000.

Since having the children, Ellen decided to stay at home. George's monthly disposable income totals \$2,000.00. While she greatly enjoys her time at home with the children, Ellen has considered returning to work to help them afford mortgage payments. Her monthly disposable income is expected to be about \$1,100. A local daycare center has two full-day openings, and the family's weekly daycare expenses at that center would be \$210 for both children.

Their current household budget is below.

Current Expenditures	Dollar Amount
Short-Term Saving	\$ 60
Long-Term Saving	\$140
Housing/Insurance	\$620
Food	\$300
Car Payment	\$240
Car Expenses/Gasoline	\$80
Utilities	\$160
TV/Cable/Dish	\$40
Phones (2 cells)	\$40
Clothing	\$80
Entertainment/ Recreation/Eating Out	\$80
Credit Card (\$1200 balance)	\$100
Miscellaneous Expenses	\$60



The Investigation:

The Pence family has several things it needs to consider before they begin looking for a home to buy. They need your help to locate homes in your area that meet their budget requirements and compare financing options. They'll need to determine what their minimum requirements are for a home (number of bedrooms, number of bathrooms, etc.) and whether or not those types of homes will fit into their budget. In addition, they will have to consider whether or not Ellen should go back to work (i.e., whether disposable income her job would add to their household budget would help them afford the home they want). For this project, you will use the Internet and technological resources to locate homes in your area and compare financing options.

Work It Out:

1. Determine an appropriate housing budget for the Pence family. Explain whether or not you believe Ellen should return to work. Based on that decision, estimate a likely reasonable housing budget for the Pence family. You may consider reviewing materials from Theme 3, Budgeting, to help determine an appropriate housing budget for the Pence family.



Locating a Home

6. Determine true monthly payment for the selected homes. To determine the closing costs, you will need to determine the true monthly payment. The following steps will help you calculate the true monthly payment:
 1. Take the monthly payment (principal and interest) that you calculated from the previous step and add to it a property tax estimate and a home insurance estimate.
 2. Calculate the property taxes based on an average of \$4.00 per \$100 that you own (e.g. A \$100,000 would cost \$4,000 per year). Divide this out per month.
 3. Calculate the home insurance. Home insurance costs can be dependent on many factors, but a typical estimate of \$900 annual serves as a guideline. Divide it out per month.

7. Determine the move-in costs for the homes you selected as rental possibilities. Figure the move-in costs by totaling the deposit cost and the first month's rent. Find the deposit cost for each rental house or estimate the deposit at the first month's rent if a deposit amount is unavailable. We will apply for rental insurance together as a class to see what questions are asked and what a typical quote (price) might be.

Consumer Scene Investigation Grade Sheet

CSI 11 - Locating a Home

- Competencies:**
- MM.6: Evaluate how insurance (e.g., auto, home, life, medical and long-term health) and other risk management strategies protect against financial loss.
 - SC.1: Compare the benefits and costs of alternatives in spending decisions.
 - SC.2: Evaluate information about products and services.
 - SC.3: Compare the advantages and disadvantages of different payment methods.
 - SC.4: Analyze the benefits and costs of consumer credit.
- Objectives:**
- D: Evaluate the costs and benefits of buying, leasing or renting. (SC.1, SC.2, SC.3)
 - E: Analyze financing options of consumer purchases. (SC.4, SC.6)
 - F: Evaluate various forms of insurance coverage. (MM.6)

Name: _____

Date: _____

Criteria:	5	4	2	1	Total:
Housing Budget	housing budget decision was accurate and based on all relevant factors.	Housing budget was inaccurate but based on all appropriate factors.	Housing budget was inaccurate and based on some appropriate factors.	Housing budget was inaccurate and not based on relevant factors.	
Information - Buying	Information was accurate, relevant and useful in figuring out the rest of the project.	Information was missing minor points but would be usable for finishing the project.	Information included was missing a lot of the features and made the project confusing.	Information was inaccurate or missing and did not meet expectations.	
Information - Renting	Information was accurate, relevant, and useful in figuring out the rest of the project.	Information was missing minor points but would be usable for finishing the project.	Information included was missing a lot of the features and made the project confusing.	Information was inaccurate or missing and did not meet expectations.	
Interest Rate	The interest rate was determined correctly and the process was used properly.	The interest rate was determined accurately for one of the two houses with both types of loans.	Interest rates were inaccurate.	Interest rates were not determined properly.	
Monthly Payment	The monthly payments were calculated correctly, and no errors were evident.	The monthly payments were calculated with 1 error.	The monthly payments were calculated with 2 errors.	The monthly payments were calculated with 3 or more errors.	
Rental Payments	The move-in costs were calculated correctly, and no errors were evident.	The move-in costs were calculated with 1 error.	The move-in costs were calculated with 2 errors.	The move-in costs were calculated with 3 or more errors.	
				Total:	