



Mentor Manual

**National PASS Center
2013**



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Financial Literacy

Unit 4 Mentor Manual

Lesson 1

Pgs. 4 – 6

A. Total expenses = \$875	Monthly income	= \$ 1500
	Monthly expenses	= <u>875</u>
	Money left over	= \$ 625
B. Total expenses = \$1265	Monthly income	= \$ 2000
	Monthly expenses	= <u>1265</u>
	Money left over	= \$ 735
C. Total expenses = \$ 1005	Monthly income	= \$ 1200
	Monthly expenses	= <u>1005</u>
	Difference	= \$ 195
	Balanced Budget	
D. Total expenses = \$1230	Monthly income	= \$ 1000
	Monthly expenses	= <u>1230</u>
	Difference	= \$ -230
	Unbalanced Budget	
E. Total expenses = \$1425	Monthly income	= \$ 1290
	Monthly expenses	= <u>1425</u>
	Difference	= \$ -135
	Unbalanced Budget	

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1. Car insurance = fixed
2. Bus fare = fixed or variable

3. Food = variable
4. House payment = fixed
5. Entertainment = variable
6. Bank loan = fixed
7. Household items = variable
8. Clothing = variable
9. Health insurance = fixed
10. Personal items = variable

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- | | |
|----------------------------|---------------------------|
| 11. Fixed expenses = \$740 | Variable expenses = \$262 |
| 12. Fixed expenses = \$489 | Variable expenses = \$144 |
| 13. Fixed expenses = \$864 | Variable expenses = \$421 |

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14. Heat = Need
15. Designer clothes = Want
16. Candy = Want
17. Housing = Need
18. 1Beer = Want
19. Food = Need
20. Comic books = Want
21. Income = Need
22. Electricity = Need
23. Shoes = Need
24. Individual response. Answer might include the idea of cutting back on expenses, getting a higher-paying job, or taking a second job.

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25. Individual response. Mentor should check for accuracy in calculations.

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26. Sample response: A budget is a plan of action for your money. It compares income with expenses.

- 27. A budget shows you how your money is used. It helps you to save money and to have enough to pay your bills.
- 28. Variable expenses are those that change every month. For example, the money you spend on gasoline and food will not be the same from month to month. Gasoline and food prices change all the time. They do not stay the same.
- 29. An unbalanced budget means there is more money spent than is earned. A person with an unbalanced budget is out of money and is in debt.
- 30. Sample response: Needs are the basic things people require to live. Examples are food, clothing, and shelter. Wants are things that are not necessary for living, but are desired. Examples of wants are a big house with servants, a trip to Hawaii, or a Porsche sports car.

Lesson 2

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- 1. \$1010

Pg. 13

- 2. \$295

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- 3.

Savings Account			Total Amount
Beginning Balance			\$ 50.00
Date	Deposit	Withdrawal	
4/4	50.00		100.00
4/20	98.00		198.00
5/10	93.00		291.00
5/13		25.00	266.00

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4.

José Martínez 123 Oak Street Buffalo, NY	102 Current date Date _____ 20__
Pay to the Order of John Doe	\$ 550.00
- - Five hundred fifty and 00/100 - - - - - Dollars	
Country Bank 222 Main St. Buffalo, NY	
For rent	José Martínez
0210000021 440 507532 0102	

5.

José Martínez 123 Oak Street Buffalo, NY	102 Current date Date _____ 20__
Pay to the Order of Wegman's	\$ 45.69
- - Forty-five and 69/100 - - - - - Dollars	
Country Bank 222 Main St. Buffalo, NY	
For groceries	José Martínez
0210000021 440 507532 0102	

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6.

José Martínez 123 Oak Street Buffalo, NY	102 Current date Date _____ 20__
Pay to the Order of Telephone Company	\$ 26.47
--- Twenty-six and 47/100 --- Dollars	
Country Bank 222 Main St. Buffalo, NY	José Martínez
For service	
0210000021 440 507532 0102	

7.

Date	No.	Transaction	Amount of Deposit	Amount of Payment	Balance
					\$ 700.00
----	101	Sample	----	----	----
5/1/13	102	John Doe – rent		550.00	150.00
5/4/13	103	Wegman’s – groceries		45.69	104.31
5/15/13	104	Telephone Company – bill		26.47	77.84

8. Sample response. Savings and checking accounts keep your money safe from loss. They offer a way to use your money when you need it. Checking accounts allow you to pay bills safely and on time. Savings accounts can earn you money in interest.

Lesson 3

Pg. 24

1. Yucca Valley Savings & Loan
2. 6488 8112 3698 2257
3. Kim Lee
4. March 2015
5. on the back of the card

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6. \$370.97
7. \$287.97
8. \$267.97
9. \$205.47

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10.

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT (-)		DEPOSIT AMOUNT (+)		BALANCE	
							524	33
<i>Debit</i>	<i>8/1</i>	<i>Graham's Cycles</i>	<i>34</i>	<i>50</i>			<i>- 34</i>	<i>50</i>
		<i>Gift for Omar</i>					<i>489</i>	<i>83</i>
<i>Debit</i>	<i>8/5</i>	<i>McDonalds</i>	<i>22</i>	<i>90</i>			<i>- 22</i>	<i>90</i>
		<i>Dinner for family</i>					<i>466</i>	<i>93</i>
<i>ATM</i>	<i>8/6</i>	<i>Cash</i>	<i>61</i>	<i>50</i>			<i>- 61</i>	<i>50</i>
		<i>Spending money</i>					<i>405</i>	<i>43</i>
<i>563</i>	<i>8/7</i>	<i>Galway Gas Company</i>	<i>114</i>	<i>82</i>			<i>- 114</i>	<i>82</i>
		<i>Monthly heating bill</i>					<i>290</i>	<i>61</i>
<i>ATM</i>	<i>8/9</i>	<i>Cash</i>	<i>81</i>	<i>50</i>			<i>- 81</i>	<i>50</i>
		<i>Groceries</i>					<i>209</i>	<i>11</i>

Lesson 4

Pg. 33

1. WalMart
2. \$585.00
3. Moneygram Payment Systems, Inc.
4. July 24, 2008
5. WF National Bank, South Central, Faribault, MN

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6.

UNITED STATES OF AMERICA MONEY ORDER						
061932748511 SERIAL NUMBER	120629 YEAR MONTH DAY		975656 BANK	\$ 159.00 U.S. DOLLARS AND CENTS		
PAY TO <i>Rochester Gas & Electric</i>			FROM <i>Your Name</i>			
STREET <i>234 Maple Street</i>			STREET <i>Your Address</i>			
CITY <i>Rochester</i>	STATE <i>NY</i>	ZIP <i>14216</i>	CITY <i>Anytown</i>	STATE <i>??</i>	ZIP <i>54321</i>	
000:80009: 3:		375628172483		56567		

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7.

UNITED STATES OF AMERICA MONEY ORDER						
439856012711 SERIAL NUMBER	120322 YEAR MONTH DAY		975656 BANK	\$ 55.00 U.S. DOLLARS AND CENTS		
PAY TO <i>Sandy's Shoe Store</i>			FROM <i>Your Name</i>			
STREET <i>124 Hill Road</i>			STREET <i>Your Address</i>			
CITY <i>Los Angeles</i>	STATE <i>CA</i>	ZIP <i>90034</i>	CITY <i>Anytown</i>	STATE <i>??</i>	ZIP <i>54321</i>	
000:80009: 3:		375628172483		56567		

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- 8. \$83.29
 - 9. \$156.51
 - 10. \$90.78
 - 11. \$34.25
-
-

Lesson 5

Pg. 42 (pg. 43 in Spanish edition)

- 1.
 - a. whether you have a job or not
 - b. how much money you earn
 - c. whether you have any other sources of income
 - d. what bank accounts you have
 - e. how much money you already owe
- 2. Sample response. The length of time you have lived at the same address tells the bank if you have stayed in one place or moved around a lot. The length of time you have had your job tells the bank how reliable your income is. Both pieces of information tell the bank how stable you are or how much of a risk you are.

Pgs. 43 – 44 (pgs. 44 – 45 in Spanish edition)

- 3. C
- 4. G
- 5. Sample response. No, you should not cosign that loan for your friend. He has had three different jobs in only two months. He can't seem to keep a job for very long. He probably doesn't have very much money saved to make loan payments. \$20,000 is a lot of money to borrow. It will take years to pay off that loan. It doesn't seem likely that your friend will keep a job long enough to make the payments. If you cosign, you will probably become responsible for paying back that loan yourself.

6. Individual student response. The answer might include reasons like:
- You don't earn enough money to afford the loan payments, if they become your responsibility.
 - It might ruin your relationship with the person you cosign for.
 - The person who wants you to cosign is a bad credit risk.
7. Pedro should ask at least the following questions:
- What is the interest rate?
 - How many payments will I be making in total and for how long?
 - What will the amount of each monthly payment be?
 - What is the due date of each monthly payment?
 - How much is the late fee?

Lesson 5

Pg. 48 (pg. 50 in Spanish edition)

1.
 - a. They allow you to buy things you want, but can't afford right now.
 - b. You can pay over time without paying interest fees.
 - c. They are a way to get popular gift items before they sell out or become unavailable.
2. Sample responses.
 - a. If you change your mind or miss a payment, items are returned to shelves. There is no refund of the money already paid.
 - b. There is a layaway fee and a cancellation fee.
 - c. The layaway period is too short. Or. . . The layaway period is too long.
3. Individual response.

Pgs. 50 – 51 (pgs. 52 – 53 in Spanish edition)

4.
 - a. \$1080
 - b. Sample response. This was not a good decision. María is paying almost twice what the refrigerator costs.

- c. María could have tried to get a bank loan or could have used her credit card to get a new refrigerator.
- 5. Sample response. Samuel should not try to rent a big-screen TV. He will end up paying much more for it than it is worth. A big-screen TV is something Samuel wants, not needs. He should save some money each week until he has enough to buy the television he wants.
- 6. \$1035