

Putnam County Real Money Real World 2.0

Anna Downing

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Introduction

Background Information

The Ohio State University Extension Department's vision is, "Ohioans have the knowledge and resources they need to actively engage in creating conditions in which they thrive" (*Vision, Mission, Values / OSU Extension*, n.d.). The Extension department has numerous programs that frame this vision. In 2005 Extension professionals developed Real Money Real World, a financial curriculum to help teach students about handling money in a simulation (Ferrari et al., 2010). Whether they are spending, saving, or earning money, students learn and understand the concepts before they enter adulthood and start a new direction of money (*Home / Real Money. Real World.*, n.d.). Real Money Real World has been serving thousands of students every year since. The program is in almost 60 counties in Ohio to date. The program has shown after students participate in the course, they are informed how to apply for college, what loans will look like, and why getting good ACT scores, High GPA's and prep course work are critical in high school (*College Readiness for Rural Youth Initiative: Creating a Climate for Success*, n.d.).

Financial literacy is an essential lesson all youth must learn. Only 25% of the millennial generation has had any formal financial literacy education (*Financial Education Through Generations*, 2022). Such programs, teach a wide range of topics; from learning between needs vs wants, to understanding debt, and knowing how to write a check and pay bills. Youth are in stores and retail venues an average of two to three times weekly, exceeding in a typical week the time dedicated to reading, church attendance, youth group and household activities, and outdoor play (McComick, 2009). When youth are given more time and options to spend money, they will likely spend more because they will see something they want more often. It can be very hard for

a child to see something they want multiple times and be told no they can't buy it every time. Years ago, children didn't go to stores and they didn't want to buy anything because they weren't aware of what they could buy. Fast-forward to today, youth as young as 12 years old have smart cellphones. With their access to the internet, they are constantly in front of ads, and looking up things to buy online. They see influencers that are selling the cool new thing that is the new fad and to the young child it seems like they have to have it. Many youth believe spending money on items makes them more popular. Through personal conversations with families in the area, many parents allow their children to have the amazon app that has mom and dad's credit card. If the child needs something, they are told to order it off amazon.

Many parents give their children, child debit cards. They load the card with money so it can be spent wherever they go. Many parents like this option so they aren't constantly being asked for money, and the parents don't have to go find cash. This practice can be very dangerous because children are never seeing their money be deducted. They learn they can just swipe the card and the item is magically paid for. Another reason such cards can be dangerous is it teaches youth to not worry about carrying cash and they will use cash less and less. When people aren't seeing their money go away, they will tend to spend more which is what leads to many being in trouble with credit card debt.

According to new research in 2020 the average credit card debt per person was little less than \$5,000 (Resendiz, 2022). Compare that to 20 years ago where the average credit card debt was little over \$2,000. Inflation has to be factored in, but as the numbers show, credit card debt per person, has increased substantially over the years.

Another area that has a huge impact on youth spending money is going out to eat. Ohioans spend an average of \$46 a week eating outside of their home (*Here's What the Average Person Spends on Dining Out in Every State*, 2019) This is not including the money that is spent on groceries. While \$46 may not seem like much, it starts to add up every week. At that rate, by the end of the year, over \$2,000 is being spent just for eating outside the home. This is another great lesson between needs and wants. Personal discussions with people from different generations about this topic were talked about to get a good insight. The conclusion from the discussions came to the older generations went out to eat once a month on average, if they went out it was a treat/special occasion for the whole family. The younger generations on average go out to eat 2-3 times a week. That's more than 10 times the amount from the older generation.

Project Overview:

Real Money Real World is about teaching students the importance of inputs and outputs, along with the curveballs that life throws at them. This is a program to teach students at a younger age to get them to start understanding and thinking about what life looks like in the future. This project will develop Putnam County Real Money Real World, which will be geared towards kids ages 12-15. It will follow a very similar path of the original Real Money Real World, however it will have a few adjustments to make the program more relatable to those ages in the geographic area. If a preteen aged students can learn some basic information, they will be prepared for high school, and will know what they should be working for during high school; high GPAs, ACT scores, ect. Because Putnam County does this traditional program with the 12th graders in the county, having another version for a younger age group can help students be better prepared earlier. Once they start high school the students will hopefully understand they can start helping their future freshman year by getting good grades, which can lead to scholarships that

can help make college more affordable. Once developed, teachers will be able to do this program in a classroom setting, or they can ask the County Extension Office to come in and teach the program with some visual aids.

Putnam County at a Glance:

While Real Money, Real World was developed to reach a range of demographics, it can be argued that students in Putnam County, a very rural area in Northwestern Ohio, might need a program geared more toward their situation. In research from Salary.com the cost of living alone in the county is 15.5% lower than the national average (2022). Majority of the towns have 1 stoplight, and farming is an excused absence from school. There are numerous family farms that have been passed down from generation to generation, and it is very common to see teenagers working on those farms daily. Many children start working around the farm at only the age of twelve if not younger. Another common job for youth in the area is babysitting. Between babysitting and farming, teenagers are starting to earn a wage at a young age and need to be ready to deal with finances.

The 4-H program in the county offers a great opportunity for youth to raise livestock and then sell the animal at the fair in hopes to make a profit. They are responsible for buying an animal, raising it, and then showing it at the Putnam County Fair in hopes of winning grand champion. Many of the 4-Hers decide to sell their animal for market value, and then they go through the premium sale that the fair offers, where businesses donate money to the 4-Hers for their effort in their project. Through personal conversation with local 4-Hers, the conclusion was they received an average of \$300 for their premium plus the market value for the meat of the animal. Usually, the market value doesn't cover the cost of the animal, food, and supplies such as

bedding, equipment for fair, and any medications the animal may have needed. The premium money that is donated to them helps cover the cost of all the extra expenses the market meat check doesn't cover. There are some youth who can receive thousands of dollars for their project. The concept of giving a ten-year-old a \$1,000 can be a little scary for some, which is another reason this Putnam County Real Money Real World 2.0 program is needed.

Program Changes:

In 2020 OSU professionals revisited the curriculum and updated the content and numbers as the cost of living had changed, and some options were not available anymore. It is important to keep updating the curriculum as times will change and some information will be irrelevant to some students. While personally running this program in 2019 before the update, this educator ran into the situation of having to explain to students the definition of dial up internet. Very few understood, and not a single student currently had that option.

Putnam County has been running the program since it started in 2009. Every year the schools in the county send their seniors to experience the program. The county uses over 20 volunteers to help assist in the simulation. Many of the volunteers are Extension Staff, however the Extension Office tries to get the community involved. Local banks, electric companies, and business owners volunteer their time and help with a station that is relevant to their expertise. There are over 500 students that participate every year.

Details:

The students will be in a simulation, each participant will have a family with a spouse that contributes \$400 a month because they are going back to school and working part time. They will also have the chance to have children at various ages. They will have a "job" that will

provide a yearly salary along with the degree that is required for their given career. This newer curriculum will have jobs that are more common in the Putnam County area. For example, since Putnam County is not by any surrounding body of water, a marine biologist will not be an ideal career possibility to live in the area with that career without having to drive hours for work. As typical with the program the participants will calculate their monthly income, after taxes, and deposit money into a savings and retirement account. They will take their new monthly income and start paying expenses for the month. Youth will work through each station that has a monthly expense.

The stations the students will stop at include: housing, transportation, insurance, childcare, food, clothing, contributions, chance, credit/ school loans, entertainment, communications, and health and wellness. A great talking point when the participants is at the station is to ask the what their life is like now and what their family spends money on. During the simulation, there will be a “Police Officer” that will walk around to make sure everything is running smoothly, but they will also be handing out tickets if someone is driving without insurance, speeding, ect. This is a great way to show kids sometimes you get fined and have to pay a ticket on top of all of the other expenses they will have every month.

Taxes:

The curriculum will provide how much the federal tax will take out of their salary every month by a chart of their monthly gross salary. An average will be taken from the areas in Putnam County to get a county average. (FreeTaxUSA.com, n.d.) The average school tax is 1%.

Housing Station:

Shelter is a basic need in life. Finding the appropriate house to fit your family is essential.

Children might need to share a bedroom, or they might get their own room. Is owning a house an option, or is renting the better option? Who do you want to keep up with the maintenance of the house? These are all questions that need to be answered when looking for a home. The program has recalculated housing cost in the Putnam County area vs the State average. Research from Zillow.com and apartmenthomeliving.com helped to find the numbers for the station. While researching this topic, it was found that renting is more scarce than buying a home. There are more houses to rent vs apartments for rent and the cost can range anywhere from \$400- \$800 a month.

Credit/School Loans Station:

It is very common to find most families have at least 1 credit card they use for expenses.

Additionally, some people will also have school loans. The students will look at their occupation and see what degree was required for their job. They will have to figure out how they want to pay back their school loans. Their options will be pay more every month for a shorter time, or less every month for a longer time. The students will learn about interest, and interest rates.

Clothing Station:

Appearance is very important in the workforce. Having proper clothing for your job is required in most work places. There are many options where to get clothes: secondhand stores, department stores, and designer stores. Youth are asked to make the decision of where they are planning on shopping for their family's attire. Participants will get asked where they shop now, and is that different than their choice.

Food Station:

Food is a necessity to life. Choosing healthy food is the ideal option, but it is not always the cheapest option. Participants will have to determine if they want cheaper food that isn't the healthiest or spend more money on healthier options. The food station is a great opportunity to teach children is something worth it? When living in rural Putnam County, grocery stores are farther away. Is it worth paying more for groceries that are closer to home, or paying the gas to go somewhere where the groceries are cheaper? A survey was taken with local people to get an average of how much they spend on groceries. In the area it is very common for families to purchase a cow from a farmer and get it processed and packaged by a local butcher shop. This process is generally cheaper than buying their meat from the store because you are getting the cow at wholesale price vs retail. However, if families go to the butcher shop, they need to have a deep freezer to keep all the meat frozen. Students will learn about additional cost that are necessary for this bulk buying process.

Childcare Station:

If the participants have children they will have to factor in childcare while they are working. There are generally two options for childcare; In-home or a licensed day care. In-home care normally consists of a stay-at-home parent watches multiple children at their residence. A licensed day care is a business that generally function as multiple caregivers at an establishment, they usually offer preschool to those of age. There are pros and cons to both options, it depends what each participant wants for their family. Generally the in-home childcare is cheaper according to care.com, however the kids aren't getting the preschool education. In-home is also

not an establishment, so the babysitter might need a few days off or can only work certain hours that they choose.

Chance Station:

Life happens and can throw curveballs. Some of those can be good and can make money, while some can be bad curveballs and can cost money. Some examples of these can be winning the lottery, or getting a flat tire and having to pay for repairs. Participants will select a random chance “card” out of a bowl and must include the chance in their register, whether it makes them money, or forces them to pay.

Contributions Station:

Participants have the choice on how much they want to contribute to organizations in the area, 4-H, athletic boosters, churches, and other youth organizations are given as options. It is recommended to them that 3%-5% of the yearly income should be contributions to the community.

Transportation Station:

Because Putnam County is a very rural area, transportation is different compared to the urban cities. The area has no buses (not including school buses), or taxis that can transport people to and from places. A vehicle is essential in order to go to work and run errands. When picking a vehicle, various factors can come into play; size of family, distance driving to work, gas prices, or one's occupations.

Communications Station:

The communication station has phone and internet services. Participants will need to decide if they want unlimited data, vs limited data, or more internet stream vs less. They will have to look at their family and their job. Many times, the participants get asked what they currently have and challenge them to do the same option. With the updated version after the coronavirus pandemic in 2020, there is an opportunity to talk about working from home and the required necessities for the job.

Entertainment Station:

Entertainment can be a wide range of options. It can range from free options such as bonfires with friends and walks in the park, to expensive options like amusement parks, and concerts. Some options will also have to factor in babysitting cost.

Insurance Station:

Insurance can be a topic many participants don't want to pay for. With personal experience in the program, the line, "I don't need insurance, nothing bad will happen" was spoken many times. Introducing the students to the different terms of insurance and ways to save money can be a huge learning experience for them.

Health and Wellness Station:

Students will learn about insurance wellness programs that include being active and receiving money off their monthly cost for being active and staying healthy. The options will be low deductible vs high deductible. Generally, facilitators ask the person how often they visit the

doctor, that will determine which insurance plan they want to go with. The station will talk about insurance incentives to try and live a healthy lifestyle.

Financial Aid:

There will be a Financial Aid Station where volunteers will be able to help participants when they are low in money, or don't have enough. The volunteers will talk through different options and what order they should consider the options/changes. They will start with choosing the cheaper options from the stations, if they have already chosen the cheapest options, then they will look at taking money from their savings or putting less money away in their retirement. They will also be looking at getting a second job to help pay all their bills. If that is still not cutting it, then they will explore government handouts options.

At the end of the simulation, students complete a survey that asks about what they knew regarding money before and after the day of learning.

Evaluation Plan

This program is a great lesson to what the "real world" will be like. Many students don't realize some of the expenses they will have to pay for. The program will be evaluated with a survey that the teachers and students will complete. It will consist of questions asking about what they knew before the program and what they know afterwards. We will keep track of the surveys and map out what the kids are learning. We will see if certain lessons are working or if something needs to be changed. The surveys are also a great way to see the trends that are happening in youth financial literacy.

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Classroom Materials:



Training, Jobs and Income

Lesson 1



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RMRW Lesson 1: Training, Jobs and Income

Objectives

- ✓ Understand factors that determine income
- ✓ Understand costs associated with pursuing career training
- ✓ Be assigned an occupation for the spending simulation



RMRW Lesson 1: Training, Jobs and Income**What Is Income?**

- Money received from working
- Provide an employer:
 - Time
 - Energy
 - Skills
 - Talents



RMRW Lesson 1: Training, Jobs and Income**Factors Affecting Income**

Occupation	Most Common Educational/Training Level	Monthly Income
Home Health Aide	High School Diploma	\$1,934
Licensed Practical Nurse	Postsecondary Vocational training	\$3,752
Registered Nurse	Associate/Bachelor Degree	\$5,833
Nurse Practitioner	Master's Degree	\$8,259

Source: America's Career InfoNet at careerinfonet.org. Incomes are median 2018 US incomes.



RMRW Lesson 1: Training, Jobs and Income

What Makes the Difference?

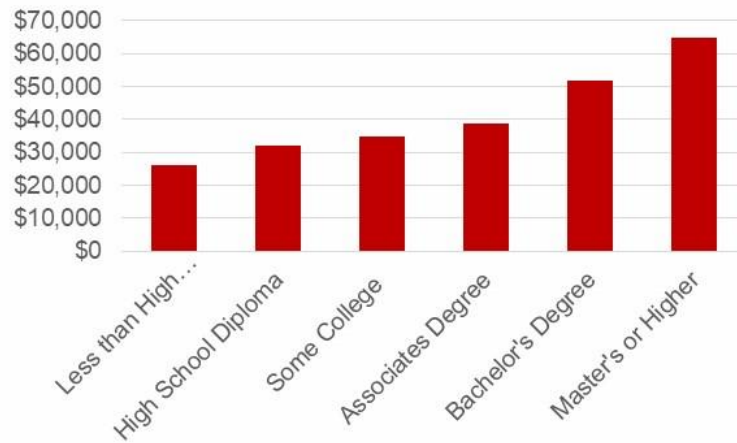
Occupation	Most Common Educational/Training Level	Monthly Income
Auto service technician and mechanic	Postsecondary Vocational training	\$3,295
Bus/truck mechanic and diesel engine specialist	Postsecondary Vocational training	\$3,863
Aircraft mechanic and service technician	Postsecondary Vocational training	\$5,085

Source: America's Career InfoNet at careeronestop.org. Occupations with the most openings are postsecondary training or Associate degrees. Incomes are median 2018 US incomes.



RMRW Lesson 1: Training, Jobs and Income**Earnings and Education**

Median Annual Earnings, full-time workers ages 25-34, by education: 2017



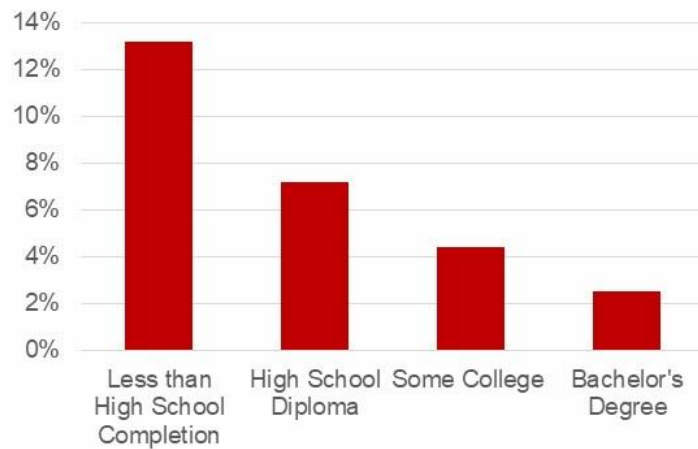
Source: U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), Annual Social and Economic Supplement, 1996 through 2018. (This table was prepared September 2018.)

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RMRW Lesson 1: Training, Jobs and Income**Education and Unemployment**

Unemployment rate among 25-34 year-olds, by education; 2017



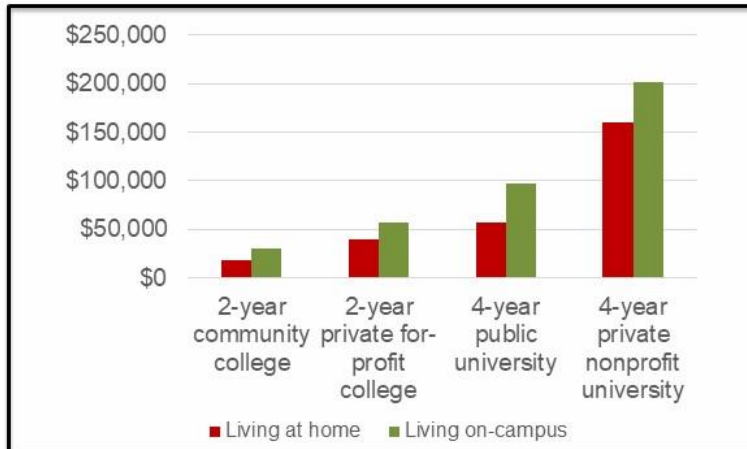
Source: U.S. Department of Education, National Center for Education Statistics.
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RMRW Lesson 1: Training, Jobs and Income**Types of colleges and costs**

Total cost for degree, including tuition, living expenses; 2017-2018



Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Winter 2017-18, Student Financial Aid component; and Fall 2017, Institutional Characteristics component.

2-year vs. 4-year?

2-year colleges result in an associate degree; 4-year result in a bachelor's degree. Each will prepare you for different types of jobs and salaries.

Public vs. private?

Public schools get funding from the government. Often a more affordable option than private schools

Where to live?

Living expenses are a big part of college costs! Choose to go to live at home and save.

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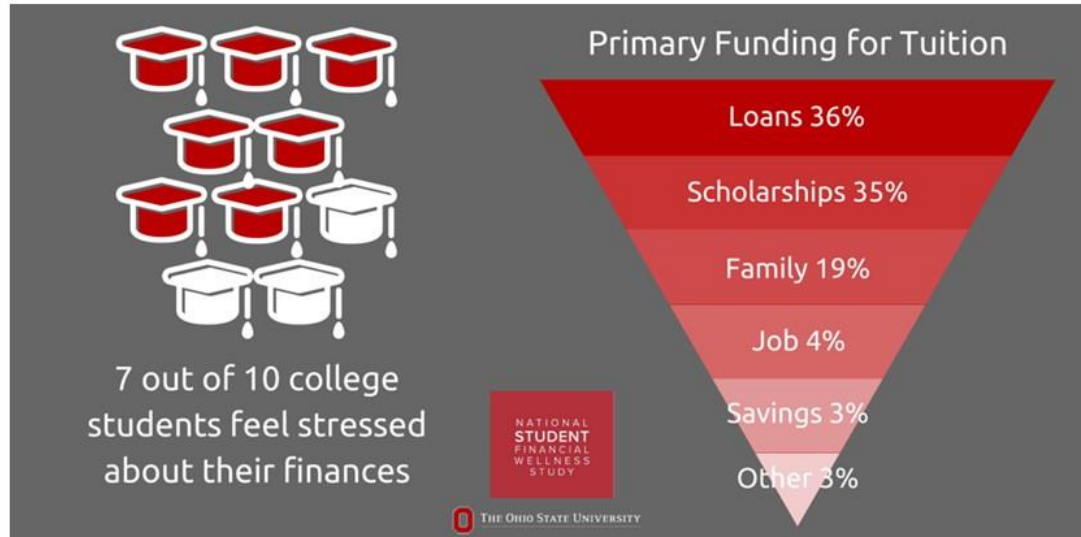


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RMRW Lesson 1: Training, Jobs and Income

How will I pay for college?

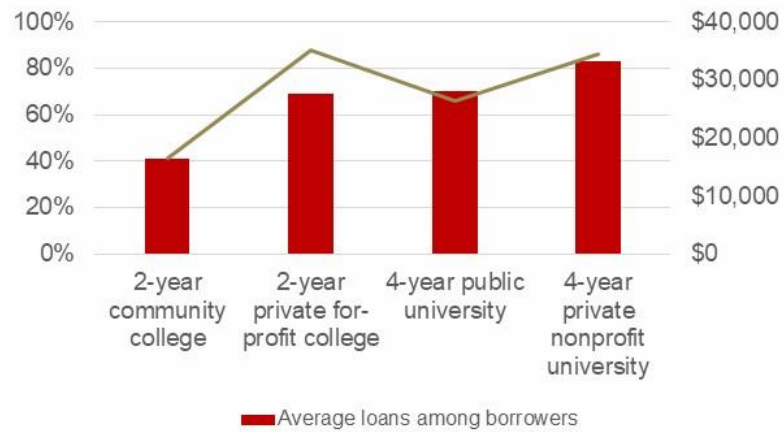


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Proportion of students with loans; total outstanding loans amounts, 2015-2016



Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16).

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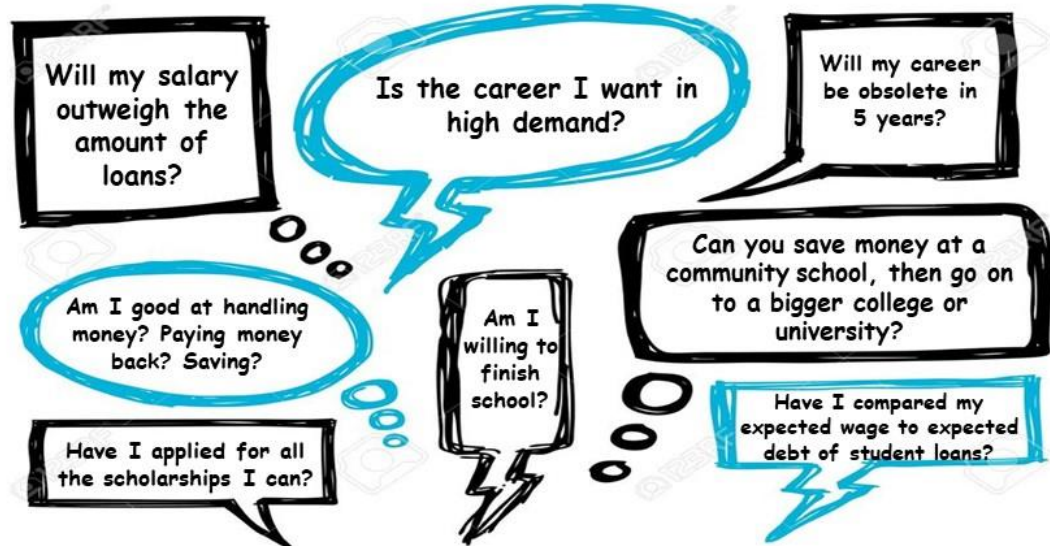


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Repaying loans

- You will need to start repaying any loans as soon as you stop attending school – regardless of whether you graduate or drop out.
- The average student with loans from a 4-year public school in Ohio must pay about \$300 per month to repay their loans.



RMRW Lesson 1: Training, Jobs and Income**Choosing Higher Education or Not?**

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The Take-Away

Many higher paying jobs require more education: a 4-year degree, or more. Education can be expensive and may require you to borrow more.

Even expensive education that requires loans is a good investment – you'll earn much more over your career with education than you would without.

Make sure to learn a lot before making this decision: talk to your school counsellor or someone you trust



RMRW Lesson 1: Training, Jobs and Income**Do the “Minimum Wage” Math**

In 2023, Ohio minimum wage is **\$10.10**/hour.

Full-time work is **2,080** hours/year.

$$\text{\$10.10} \times 2,080 = \text{\$21,008}$$



RMRW Lesson 1: How Education and Occupation Affect Income**Federal Poverty Guidelines**

2018 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

PERSONS IN FAMILY/HOUSEHOLD

POVERTY GUIDELINE

For families/households with more than 8 persons, add \$4,320 for each additional person.

1	\$12,140
2	\$16,460
3	\$20,780
4	\$25,100
5	\$29,420
6	\$33,740
7	\$38,060
8	\$42,380

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Real Money. **Real World.****RMRW Lesson 1: Training, Jobs and Income****Other Factors Affecting Income****Type of business**
where you work**Demographics –**
where you live**Discrimination**

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Assigning Occupations for the Spending Simulation



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Deductions – *What You See Is Not What You Get*

Lesson 2



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RMRW Lesson 2: Deductions – What You See Is Not What You Get**Gross Income**

If you make \$10 per hour and work 40 hours per week your *gross income* is \$400/week

But, will you receive all \$400 to use and spend?

No . . .



RMRW Lesson 2: Deductions – What You See Is Not What You Get**Net Income**

$$\begin{array}{r} \text{Gross Income} \\ - \text{Deductions} \\ \hline = \text{Net Income} \end{array}$$



RMRW Lesson 2: Deductions – What You See Is Not What You Get

Types of Deductions

Primary Taxes

- Federal income tax
- State tax
- Social Security (FICA) tax
- Medicare tax

Other Deductions

- Health insurance (medical, dental, vision)
- Retirement
- Life insurance
- Disability insurance



RMRW Lesson 2: Deductions – What You See Is Not What You Get**Taxes (Withholdings)**

Federal Tax – income tax paid to the U.S. Treasury through the Internal Revenue Service (IRS)

State and Local Tax – in addition to the state, some cities and school districts may have taxes withheld from pay

Federal Insurance Contributions Act (FICA)
includes Social Security Tax and Medicare



RMRW Lesson 2: Deductions – What You See Is Not What You Get

Insurance – what is it and how does it work?



Insurance is a way to reduce the financial risk you face in case that something bad happens – like getting sick or getting in a car accident.

Imagine you get in a car crash. If you have insurance, your insurance company will pay for most of your car repair. You will only have to pay a **deductible**.

A **deductible** is the amount of money you have to pay before your insurance kicks in and pays the rest of the costs.

In order to have access to insurance, you must pay a monthly subscription fee called a **premium**. This allows you to participate in the insurance plan.



RMRW Lesson 2: Deductions – What You See Is Not What You Get**Health Insurance**

You can choose whether you want to purchase a high or low deductible insurance. Low deductible insurance has a higher monthly premium than high deductible insurance.

Plan Type	Monthly Premium	Deductible
Low deductible	\$300	\$500
High deductible	\$150	\$2,000



RMRW Lesson 2: Deductions – What You See Is Not What You Get

Health Insurance Example

Imagine you fall and break your arm and your hospital bill is \$1,500. Here will be your costs if you chose the low versus high deductible insurance plan.

Plan Type	Monthly Premium	Deductible	Out-of-pocket costs
Low deductible	\$300	\$500	
High deductible	\$150	\$2,000	



RMRW Lesson 2: Deductions – What You See Is Not What You Get

Health Insurance Example

Imagine you fall and break your arm and your hospital bill is \$1,500. Here will be your costs if you chose the low versus high deductible insurance plan.

Plan Type	Monthly Premium	Deductible	Out-of-pocket costs
Low deductible	\$300	\$500	\$500 (insurance pays \$1,000)
High deductible	\$150	\$2,000	\$1,500 (insurance pays \$0)



RMRW Lesson 2: Deductions – What You See Is Not What You Get

Retirement savings

Retirement Savings

Strive for 10%–15% of gross income

Some employers match a portion

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RMRW Lesson 2: Deductions – What You See Is Not What You Get**Savings pays: Interest**

When you save or invest money with a financial institution, your money will grow without you having to do anything!

There are many ways to save your invest: Interest bearing checking and savings accounts, stocks, IRA's, etc.

The money you earn from saving your money in any of these is called **interest**.

To maximize the interest, be sure to compare rates offered by different financial institutions and look for the highest rate.

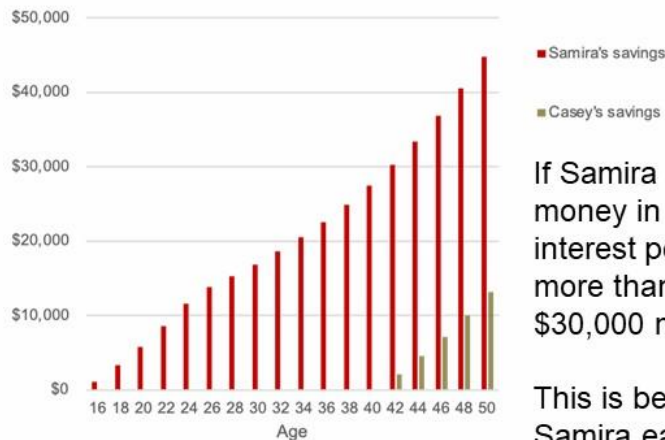


RMRW Lesson 2: Deductions – What You See Is Not What You Get

Retirement savings: Compound interest

- It pays to start saving early.
- Samira and Casey both save \$10,000 – saving \$1,000 a year for 10 years.
- Samira saves her money early – she starts at 16, and has saved \$10,000 by 26. Casey doesn't start until age 41 – by age 51 he has saved \$10,000.
- Do you think Samira has more, less or the same amount of money as Casey at age 51?



RMRW Lesson 2: Deductions – What You See Is Not What You Get**Retirement savings: Compound interest**

If Samira and Casey both save their money in places where they earn 5% interest per year, then Samira has much more than Casey at age 51 – nearly \$30,000 more!

This is because of **compound interest** – Samira earns money on her savings, as well as on all the extra interest money for many years.



RMRW Lesson 2: Deductions – What You See Is Not What You Get**Other deductions**

Other Deductions (not calculated for simulation)

- Child Support
- Liens
- Debt Repayment
- Court Costs



Calculating Deductions

Federal Tax

Example: If your gross monthly income is \$3,700, the Federal Tax would be \$311 monthly.

Quick Code	Monthly Payroll Period	
	Monthly Salary	Married
A	1350 to 1679	\$55.15
B	1680 to 2009	\$88.15
C	2010 to 2339	\$121.15
D	2340 to 2669	\$154.15
E	2670 to 2999	\$192.84
F	3000 to 3329	\$232.44
G	3330 to 3659	\$272.04
H	3660 to 3989	\$311.64

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RMRW Lesson 2: Deductions – What You See Is Not What You Get**Determining Simulation Net Income****Calculate Deductions Example**

Description	DEDUCTION (subtract from balance)	DEPOSIT (add to balance)	BALANCE
Gross Monthly Income			\$2,936
Federal Tax	\$325	Subtracted	\$2,611
State and Local Tax (5.5% x Gross Income= Deduction)			\$
FICA (Social Security / Medicare) (7.65% x Gross Income= Deduction)			\$
Retirement Savings (at least 5% x Gross Income= Deduction)			\$
Monthly Net Pay (Monthly Gross Pay – Deductions = Net Pay)			\$

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Calculating Deductions

State & Local Taxes – estimate 5.5% of gross pay
If your gross monthly income is \$3,700, the math would be:

$$.055 \times \$3,700 = \$283.05$$

So on your calculator:

$$.055 \times \$\text{GROSS} = \$\text{Deduction}$$



RMRW Lesson 2: Deductions – What You See Is Not What You Get**Determining Simulation Net Income****Calculate Deductions Example**

Description	DEDUCTION (subtract from balance)	DEPOSIT (add to balance)	BALANCE
Gross Monthly Income			\$ 2,936
Federal Tax	\$ 325	Subtracted	\$ 2,611
State and Local Tax (5.5% x Gross Income= Deduction)	\$ 292	Subtracted	\$ 2,319
FICA (Social Security / Medicare) (7.65% x Gross Income= Deduction)			\$
Retirement Savings (at least 5% x Gross Income= Deduction)			\$
Monthly Net Pay (Monthly Gross Pay – Deductions = Net Pay)			\$

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Calculating Deductions

FICA is 7.65%

If your gross monthly income is \$3,700, the math would be:

$$.0765 \times \$3,700 = \$283.05$$

So on your calculator:

$$.0765 \times \$\text{GROSS} = \$\text{Deduction}$$



RMRW Lesson 2: Deductions – What You See Is Not What You Get**Determining Simulation Net Income****Calculate Deductions Example**

Description	DEDUCTION (subtract from balance)	DEPOSIT (add to balance)	BALANCE
Gross Monthly Income			\$ 2,936
Federal Tax	\$ 325	Subtracted	\$ 2,611
State and Local Tax (5.5% x Gross Income= Deduction)	\$ 292	Subtracted	\$ 2,319
FICA (Social Security / Medicare) (7.65% x Gross Income= Deduction)	\$ 298	Subtracted	\$ 2,021
Retirement Savings (at least 5% x Gross Income= Deduction)			\$
Monthly Net Pay (Monthly Gross Pay – Deductions = Net Pay)			\$

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Calculating Deductions

Retirement Savings is recommended 5-7%

If your gross monthly income is \$3,700, the math would be:

$$.10 \times \$3,700 = \$370.00$$

$$.15 \times \$3,700 = \$555.00$$

So on your calculator:

$$\% \text{ you choose to save } \times \$\text{GROSS} = \$\text{Deduction}$$



RMRW Lesson 2: Deductions – What You See Is Not What You Get**Determining Simulation Net Income****Calculate Deductions Example**

Description	DEDUCTION (subtract from balance)	DEPOSIT (add to balance)	BALANCE
Gross Monthly Income			\$ 2,936
Federal Tax	\$ 325	Subtracted	\$ 2,611
State and Local Tax (5.5% x Gross Income= Deduction)	\$ 292	Subtracted	\$ 2,319
FICA (Social Security / Medicare) (7.65% x Gross Income= Deduction)	\$ 298	Subtracted	\$ 2,021
Retirement Savings (at least 5% x Gross Income= Deduction)	\$ 370 (used 10%)	Subtracted	\$ 1,651
Monthly Net Pay (Monthly Gross Pay – Deductions = Net Pay)		Subtracted	\$ 1,651

This is your
MONTHLY
NET PAY

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RMRW Lesson 2: Deductions – What You See Is Not What You Get

Determine Family Size for the Simulation

Children

- Number and ages are randomly assigned



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How to use Financial Services Wisely

Lesson 3



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RMRW Lesson 3: How to Financial Services Wisely

Objectives

Learn about how to use financial service providers.

Learn how to accurately record deposits and spending

Learn about borrowing and credit cards

Understand methods of payment



OHIO STATE UNIVERSITY EXTENSION

Real Money. **Real World.**

RMRW Lesson 3: How to Financial Services Wisely

Keeping Your Money Safe

Financial Service Providers

Banks

Savings and Loan Associations

Credit Unions

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RMRW Lesson 3: How to Financial Services Wisely

Online Banking

Most people today interact with their bank via an online platform

Accounts can be accessed 24 hours a day

Safe, convenient, fast, eco-friendly

Must have access to Internet

Can be used for checking, savings, and loan accounts

Options for payments:

- Automatic bill payments
- Electronic transfers



RMRW Lesson 3: How to Financial Services Wisely

Opening an Account

Identification Needed

- Social Security card
- Photo identification
- Depending on location; Utility bill/ Proof of address

Signature Required

Read and Understand Requirements and Fees

Identification Number Assigned to Account



RMRW Lesson 3: How to Financial Services Wisely

Types of Accounts

Generally you can open either a Savings or Checking account with your bank.

Checking: use for your day-to-day purchases

Savings: Use to keep money that you want to save for a rainy day or short-term goals



RMRW Lesson 3: How to Financial Services Wisely

Emergency Savings

In addition to your long-term savings for retirement, you should also save money every month.

Use for emergencies, or short-term savings goals like a new car or vacation.

Aim to save 10% of your net income – pay yourself first.



RMRW Lesson 3: How to Financial Services Wisely

Advantages of Automatic Transfers to Savings Accounts

Transfer money directly to your savings account from your paycheck

Less likely to spend the money

Don't have to take the money to the financial institution to make the deposit

Learn to live on the income you have budgeted

Feel more secure knowing you have money for emergencies and goals

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RMRW Lesson 3: How to Financial Services Wisely

Spending Money from Accounts

Writing checks

Using debit cards

Electronic/ Automatic transfers

Using an ATM

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RMRW Lesson 3: How to Financial Services Wisely

Responsibilities of Having a Bank Account

Avoid overdrawing your account – don't spend more than you have

Be aware of ALL transactions – both deposits and withdrawals

Monitor your account on a regular basis



RMRW Lesson 3: How to Financial Services Wisely

Managing Your Spending:

Traditional Checking Register

AD-Automatic Deposit • AP-Automatic Payment • ATM-Cash Withdrawal • DC-Debit Card • FT-Funds Transfer • SC-Service Charge • TD-TaxDeductible									
NUMBER OR CODE	DATE	TRANSCRIPTION DESCRIPTION	PAYMENT, FEE, WITHDRAWAL (-)		DEPOSIT, CREDIT (+)		\$ 1,105.10		
DC	8/7	Blue Toed Shoes	68	28			1036	82	
AD	8/8	Chris'pay - 2 wks			200	00	1236	82	
301	8/13	O'Garra Elem. - Class trip	12	00			1,224	82	
ATM	8/13	Cash for garage sale	25	00			1,199	82	
AP	8/14	Electric - July	97	91			1,102	11	
302	8/15	Root co. real estate tax	301	20			800	91	
-	8/15	Birthday gift from Dad			100	00	900	91	

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RMRW Lesson 3: How to Financial Services Wisely

Managing Your Spending: Online Banking

YB Your Bank

Your Branch Address:
1234 - Main Street
Toronto ON M5C 1B7

Your Name/Your Address:
1234 - Your Street
Toronto ON M8T 1K6

Account: Chequing 123-456-789
Account No:

Statement Period: May 31 to Jun 30, 20xx

Date	Description	Cheque/Debit Withdrawals	Credit Deposits	Balance	
May 31	Balance Forward / Opening Balance			847.90	1
Jun 01	Payroll Deposit - Your Employer		1,217.25	2,065.15	2
Jun 02	ATM Cash Withdrawal Interac	250.00		1,815.15	3
Jun 03	Fees - Interac	1.50		1,813.65	3
Jun 04	Retail Purchase The Bay	87.50		1,726.15	4
Jun 05	Instant Teller Deposit		50.00	1,776.15	5
Jun 05	Instant Teller Withdrawal	100.00		1,676.15	6
Jun 07	Chq#00045-2300399	147.65		1,528.50	7
Jun 08	Toronto Hydro - PreAuthorized Payment	117.43		1,411.07	8
Jun 09	Koodo - PreAuthorized Payment	115.05		1,296.02	8
Jun 11	Instant Teller Withdrawal	250.00		1,046.02	
Jun 14	Retail Purchase Wal-mart	189.50		856.52	
Jun 15	Payroll Deposit - Your Employer		1,217.25	2,073.77	
Jun 18	Retail Purchase Lunch R Us	43.98		2,029.79	
Jun 25	Instant Teller Withdrawal	200.00		1,829.79	
Jun 27	Retail Purchase Hair R Us	59.70		1,770.09	
Jun 30	Chq#00045-2300401	1,150.00		620.09	
Jun 30	Bank Service Plan Fees	8.50		611.59	9
Jun 30	Closing Balance			611.59	10

Description to help track

- ATM Use
- Debit Card Use
- In Bank Use
- Check Writing (note any missing checks)
- Automatic Payments
- Transfers
- Fees

Online Banking Example: fiverr.com/nurul/expertly-edit-pdf-documents

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RMRW Lesson 3: How to Financial Services Wisely**Managing Your Spending:
Spreadsheets, etc.****Family Monthly Budget**

	Total Projected Cost	Total Actual Cost	Total Difference
	\$1,195	\$1,236	(\$41)

	Projected Cost	Actual Cost	Difference
Housing			
Mortgage or rent	\$1,000	\$1,000	\$0
Second mortgage or rent	\$0	\$0	\$0
Phone	\$54	\$100	(\$46)
Electricity	\$44	\$56	(\$12)
Gas	\$22	\$28	(\$6)
Water and sewer	\$8	\$8	\$0
Cable	\$34	\$34	\$0
Waste removal	\$10	\$10	\$0
Maintenance or repairs	\$23	\$0	\$23
Supplies	\$0	\$0	\$0
Other	\$0	\$0	\$0
Subtotals	\$1,195	\$1,236	(\$41)
Transportation			
Vehicle 1 payment			\$0
Vehicle 2 payment			\$0
Bus/taxi fare			\$0
Insurance			\$0

Projected Monthly Income	
Income 1	\$4,000
Income 2	\$1,300
Extra income	\$300
Total monthly income	\$5,600
Actual Monthly Income	
Income 1	\$4,000
Income 2	\$1,300
Extra income	\$300
Total monthly income	\$5,600
Projected balance (Projected income minus expenses)	\$4,405
Actual balance (Actual income minus expenses)	\$4,364
Difference (Actual minus projected)	(\$41)

Budget Example: samplebusinessresume.com/10-household-budget-spreadsheet/family-monthly-budget-template-3

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RMRW Lesson 3: How to Financial Services Wisely

Managing Your Spending: Budgeting Apps

There are many smartphone apps available to help with budgeting

You can link these to your bank account and credit card so that all transactions are automatically uploaded and recorded in one place.

Allows for simple budgeting, and an easy way to keep track of spending in different categories.



RMRW Lesson 3: How to Financial Services Wisely

What is borrowing

There are also opportunities to borrow money for certain expenses.

Common reasons to borrow: Education (student loans); Home (mortgage); Car (auto loan)

Remember: you will have to pay this money back in the future...plus interest!



RMRW Lesson 3: How to Financial Services Wisely

Paying interest

In order to borrow money, you need to pay the lender for the privilege of using their money. These payments are called **interest**.

You must repay any money your borrow, along with the total cost, or interest, charged to you for use of the money.

Compare interest rates offered by different financial institutions. Look for the lowest rate to pay less.



RMRW Lesson 3: How to Financial Services Wisely**Credit Cards**

A credit card lets you borrow money to cover short-term spending needs. When you have a credit card, you can charge expenses to it.

If you do not pay back the money you have borrowed within a month or less, you will be charged interest.

Credit cards are convenient and can help you cover shortfalls over short periods of time. However, always have a plan to repay your credit card with a few months at most.



RMRW Lesson 3: How to Financial Services Wisely**Repaying your credit card**

November 2018						
S	M	T	W	T	F	S
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1
2	3	4	5	6	7	8

New Balance
\$1,918.68

Minimum Payment Due
\$25.00

Payment Due Date
11/19/18

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a late fee of up to \$37.00.

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	11 years	\$4,477
\$73	3 years	\$2,645 (Savings=\$1,832)

If you would like information about credit counseling services, call 1-866-797-2885.

Always try to pay the full amount of your credit card bill every month – if you do, you won't pay any interest!

If you can't repay in full, you can choose to pay less.

You must pay at least the minimum payment by the due date indicated on your statement to avoid late fees.

However, it is always better to pay more.

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RMRW Lesson 3: How to Financial Services Wisely**Know the Difference**

	Credit Card	Debit Card
Where money comes from?	Borrowing money from a bank or financial institution	Money that you already have in your bank account
Line of Credit	Yes	No
Pay Monthly Bills?	Yes	Yes
Connected to	No bank account connections	Savings or checking account
Interest	Yes! Must pay any interest on the amount borrowed if not paid in full every month	No
Credit Score	Yes, impacts your credit score	Does NOT impact your credit score

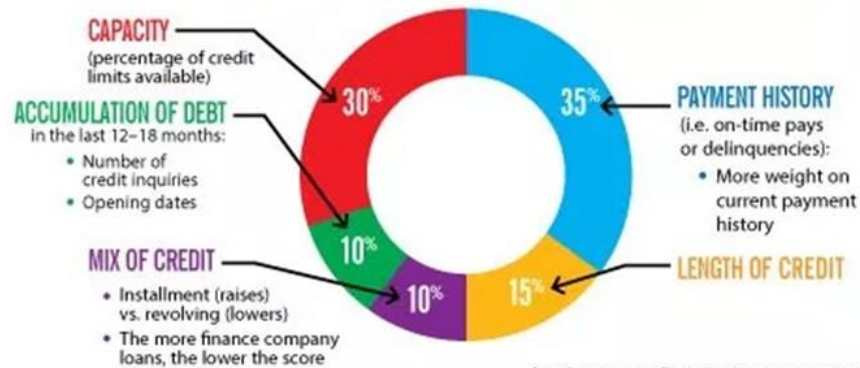
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RMRW Lesson 3: How to Financial Services Wisely

Why Financial Responsibility is Important to Your Future...

What makes up your credit score?



dpatlarge.com/how-to-improve-your-credit-score

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RMRW Lesson 3: How to Financial Services Wisely

Why Financial Responsibility is Important to Your Future

Credit Scores will allow lenders and companies to make a quick assessment of your spending habits

What can be affected by your credit?

- Companies can choose whether to **lend** you money or not
- Determine your **interest rate**
- **Insurance** companies can check your score to determine insurance rates
- **Landlords** often check credit scores before allowing you to be a tenant
- **Utilities** may require a deposit if your credit score is low

Good Credit shows responsibility and help obtain loans and low interest



RMRW Lesson 3: How to Financial Services Wisely

Preparing for the Simulation: Record Your Savings

Under “Savings Account” on your Worksheet

Record the amount you wish to put into your Savings Account in both the first DEPOSIT box and the first “Balance in Savings Account” box (the amount will be the same in both boxes)

Experts recommend saving 10% of your net monthly income.



RMRW Lesson 3: How to Financial Services Wisely

Determine Family Size for the Simulation

Spouse

- If you have a spouse, they are called “Chris”
- Chris is in school and works part-time
- Add \$400 in the Spouse’s Pay box and calculate your final net income.



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RMRW Lesson 3: How to Financial Services Wisely

Preparing for the Simulation: Final Monthly Net Income

At the bottom of your Worksheet:

Deduct your savings amount from the Monthly Net Pay in box **f** above.

Add in \$400 for Chris's pay (if appropriate)

This is your Final Net Monthly Pay



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Real Money. Real World.

RMRW Lesson 3: How to Financial Services Wisely**Optional Activities: Parts of a Check**

a. Your Name _____	b. 301 _____
Your Address _____	Date <u>June 6, 2013</u>
Your City, State, Zip _____	
Pay to the Order of <u>OSU Extension -- Root County</u>	\$ 185.25
 <u>One hundred eighty five</u> <u>25</u> XX Dollars	
Real Money. Real World. Bank	
Memo <u>4-H Camp</u>	Signature <u>Jessie Smith</u>
c. 071101288; d. 123 456 7 302 301	

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RMRW Lesson 3: How to Financial Services Wisely

Check Writing Tips

Always write in dark blue or black ink

Write clearly and neatly

Don't leave the Amount line blank

Never sign a blank check without the "Pay to" line filled in

Sign your name in cursive – same as when you opened the account

Keep the bank statements and copies of cancelled checks for your records





Making Choices – Preparing for the Simulation

Lesson 4



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RMRW Lesson 4: Making Choices – Preparing for the Simulation**Objectives**

Understand monthly expense categories for a family

Understand the difference between needs and wants

Identify factors to consider when making spending choices



RMRW Lesson 4: Making Choices – Preparing for the Simulation**Needs vs. Wants**

Needs – what you must have to survive

Wants – ways to meet needs with more comfort and style – it's something you just wish you had but isn't truly needed to live

Specific needs and wants are not the same for everyone.



***RMRW* Lesson 4: Making Choices – Preparing for the Simulation**

Basic Needs

- Housing
- Child Care
- Transportation
- Food
- Utilities

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**% of Net Income Family Expenditures**

Housing	30%
Child Care	18%
Food	13–16%
Transportation	14–16%
Clothing	4–6%
Miscellaneous	8%



RMRW Lesson 4: Making Choices – Preparing for the Simulation**Example:**

Monthly Net Income:	\$2,400
Housing at 30% .30 x \$2,400 =	\$720
Transportation at 14% .14 x \$2,400 =	\$336



RMRW Lesson 4: Making Choices – Preparing for the Simulation

Your spending and Important lifestyle factors

How old are you?

Everyone is 27

Do you have a partner or spouse?

You may be married, and your spouse (Chris) has a \$400 monthly net income

Number and Ages of Children

Everyone will have children

Type of Community

Choose your community when you choose where to live

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**1. Housing**

Must meet family needs

Cannot share housing with other families

Rent or own

Guideline:

Not more than 30% monthly gross income

Don't forget to include your utilities and taxes!

Gas, Electric, Water, etc., Taxes (for homeowners)



RMRW Lesson 4: Making Choices – Preparing for the Simulation**1. Housing**

Purchased Housing Choices	Monthly Mortgage Payment	Monthly Maintenance Cost	Property Tax	Utilities (water, electricity, gas)	+Total Monthly Payment
Option A: Single Story Home: 25 years old. 2 Bedroom, 1 ½ Baths, small lot. 1,100 sq. ft. Town Neighborhood Price: \$109,859	\$563	\$300	\$125	\$150	\$1,138
Option B: Two Story Home; 50 Years old. 3 Bedroom, 2 Baths, County home Garage. 2,000 sq. ft. Price: \$167,267	\$722	\$400	\$175	\$250	\$1,547
Option C: Two Story Home; 10 years old. 4 Bedroom, 3 Baths, Garage, 3 acre lot. 2,500 sq ft. Price: \$221,318	\$955	\$525	\$225	\$350	\$2,055

Useful tool: Zillow Home Value Index
(www.Zillow.com/research/data)

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RMRW Lesson 4: Making Choices – Preparing for the Simulation

2. Child Care

Number and ages of children

Type of care setting

- Center-base care
- Home-based care
- Multi-child discount

Family members not available to provide child-care



RMRW Lesson 4: Making Choices – Preparing for the Simulation**2. Child Care**

Number of Children	Licensed Center-based Car (Daycare)	Home-based Care
1	650	500
2	1000	800
3	1300	1000

Reference: Care.com



RMRW Lesson 4: Making Choices – Preparing for the Simulation**3. Transportation**

New or Used Vehicle

Type

- Compact car
- Mid-size sedan
- Luxury car
- Sports Utility Vehicle (SUV)

Payment + gas + oil changes

Public transportation (if available)

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**3. Transportation**

New Vehicle					
Type of Vehicle (Current Model Year)	Price ¹	Monthly Payment ²	MPG/Gas Cost ³	Minimum Maintenance ⁴	Total Monthly Cost
Small Car (2-door)	\$18,000	\$327	29 / \$160	\$17	\$504
Medium Size Car (4-door)	\$23,000	\$417	22 / \$211	\$17	\$645
Luxury Car	\$70,000	\$1,270	18 / \$250	\$100	\$1620
Sport Utility Vehicle (SUV)	\$27,000	\$490	18 / \$257	\$17	\$764

Used Vehicle					
Used vehicles can be found in a wide price range for most models. Students may want to just pick a price range. Point out that lower-priced used cars are older and have higher mileage. Maintenance costs are higher than with new cars.					
Type of Vehicle (8 years old)	Price	Monthly Payment ⁵	MPG/Gas Cost ⁶	Minimum Maintenance ⁷	Total Monthly Cost
Small Car (2-door)	\$7,000	\$109	29 / \$150	\$30	\$289
Medium Size Car (4-door)	\$10,000	\$181	22 / \$200	\$30	\$411
Luxury Car	\$20,000	\$363	18 / \$250	\$50	\$663
Sport Utility Vehicle (SUV)	\$15,000	\$272	16 / \$300	\$30	\$602



RMRW Lesson 4: Making Choices – Preparing for the Simulation**4. Credit Card Debt**

Unexpected expenses may require you to borrow.
You must choose how long you take to repay.
Longer repayment means lower monthly payment,
but higher overall costs.

Example: Broken refrigerator - \$1,500 to replace

Payment Options	Monthly Payment	Final Payment Total
Pay In Full	\$1,500	\$1,500
Pay Over 1 Year	\$150	\$1,825
Pay Over 3 Years	\$75	\$2,720
Pay Over 5 Years	\$60	\$3,600



RMRW Lesson 4: Making Choices – Preparing for the Simulation**4. Credit Card Debt****Unexpected Travel- \$500**

Payment Options	Monthly Payment	Final Payment Total
Pay In Full	\$500	\$500
Pay Over 1 Year	\$50	\$600
Pay Over 3 Years	\$35	\$840
Pay Over 5 Years	\$20	\$1,200

Website Used to Calculate Payments (Rounded for easy math)
http://www.moneychimp.com/calculator/compound_interest_calculator.htm

Refrigerator Breakdown- \$1,500

Payment Options	Monthly Payment	Final Payment Total
Pay In Full	\$1,500	\$1,500
Pay Over 1 Year	\$150	\$1,825
Pay Over 3 Years	\$75	\$2,720
Pay Over 5 Years	\$60	\$3,600

Website Used to Calculate Payments (Rounded for easy math)
http://www.moneychimp.com/calculator/compound_interest_calculator.htm

Washer and Dryer Breakdown- \$2,000

Payment Options	Monthly Payment	Final Payment Total
Pay In Full	\$2,000	\$2,000
Pay Over 1 Year	\$200	\$2,435
Pay Over 3 Years	\$100	\$3,625
Pay Over 5 Years	\$80	\$4,800

Website Used to Calculate Payments (Rounded for easy math)
http://www.moneychimp.com/calculator/compound_interest_calculator.htm

Automobile Expenses- \$3,500 (Non car owners don't pay)

Payment Options	Monthly Payment	Final Payment Total
Pay In Full	\$3,500	\$3,500
Pay Over 1 Year	\$355	\$4,265
Pay Over 3 Years	\$165	\$5,940
Pay Over 5 Years	\$145	\$8,700

Website Used to Calculate Payments (Rounded for easy math)
http://www.moneychimp.com/calculator/compound_interest_calculator.htm

Major Home Repair- \$4,000 (Renters don't pay)

Payment Options	Monthly Payment	Final Payment Total
Pay In Full	\$4,000	\$4,000
Pay Over 1 Year	\$400	\$4,875
Pay Over 3 Years	\$200	\$7,250
Pay Over 5 Years	\$165	\$9,900

Website Used to Calculate Payments (Rounded for easy math)
http://www.moneychimp.com/calculator/compound_interest_calculator.htm

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**5. Food**

- Family size
- Shopping and cooking skills/habits
- Food allergies and preferences
- Quality and brand name
- Bulk buying
 - Cost affiliated with bulk buying (memberships, freezers)



RMRW Lesson 4: Making Choices – Preparing for the Simulation**5. Food**

Approximate Cost for One Month for Groceries			
Age Group	Thrifty Plan	Moderate Plan	Liberal Plan
1 Adult	\$150	\$220	\$320
1 Child age 0-4	\$90	\$140	\$180
1 Child age 5-8	\$130	\$190	\$230

*Amounts from 2018 Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, October 2018

For every member in the household, students must add the figures above to achieve the total monthly grocery bill.

[Example: Student (\$150) + Spouse (\$150) + 2 year old (\$90) + 6 year old (\$130) = \$520 monthly grocery bill]

The differences between the tabled food plans have to do with the amount and type of food purchased. All plans assume that meals are prepared at home.

Help students consider food preparation time and skills, food preferences, and their budgets. The chart below might be a good discussion tool to estimate an overall category:

Thrifty	→	Moderate	→	Liberal
Few choices to meet budget				Wide variety of choices
Off brand or Store brand items				Name brand items
Discount stores/ couponing				Organic or high-end stores
Frozen/ Canned Vegetables				Fresh Fruits and Vegetables
Low-cost beans and meat choices				Fresh fish and expensive cuts of meat

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**6. Clothing**

- Workplace dress code
- Where you live and shop
- Brands you choose
- Number and ages of family members
- Cloth or disposable diapers



RMRW Lesson 4: Making Choices – Preparing for the Simulation**6. Clothing**

- Child under 2 include \$50 for diapers per child

Family Size	Basic Clothing	Designer Clothing
2	140	200
3	180	250
4	220	300
5	260	350



RMRW Lesson 4: Making Choices – Preparing for the Simulation

7. Communications

Cell Phone

Basic, Limited data or Unlimited data package

Use and habits

Internet

100 Mbps, 500 Mbps or 1Gps

Speed affects what you can do, how many can use



RMRW Lesson 4: Making Choices – Preparing for the Simulation**7. Communications**

Cell Phone plans		
	Description	Monthly Cost
Basic package	Unlimited texts and calling; No data	\$40
Limited data package	Unlimited texts and calling; 5G limit	\$70
Unlimited data package	Unlimited texts and calling; Unlimited data	\$120

Choose carefully, because in the real world there may be penalties to change phone plans.

Internet		
	Description	Monthly Cost
100Mbps	Emailing, light streaming, <5 devices	\$40
500Mbps	Lots of streaming, moderate gaming, >5 devices	\$60
1G	Intensive gaming, >5 devices	\$80

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**8. Student Loan Debt**

If you have an occupation that requires education beyond high school, you need to record your student loan debt.

Degree type	Technical/Associates degree	Bachelor's degree	Masters, Professional or Doctoral degree
Average loan amount	\$12,000	\$27,000	\$72,000

You will also need to decide how quickly to repay your loans- Just like credit car debt, the longer it takes, the more you end up paying

EXAMPLE: Bachelor's degree: total debt = \$27,000

Repayment time	10 Year	20 Year	30 Year
Monthly Payment	\$289	\$187	\$156
Total \$ Paid	\$35,000	\$45,000	\$56,000

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**8. Student Loan Debt**

College Loans at 6% Interest—Repayment Plan Options			
Technical School, Associate Degree, or Police Academy Loan Amount: \$12,000	10 Year	20 Year	30 Year
Estimated Monthly Payment	\$133	\$86	\$72
Total \$ Paid	\$16,000	\$21,000	\$26,000
Bachelor's Degree Loan Amount: \$27,000	10 Year	20 Year	30 Year
Estimated Monthly Payment	\$289	\$187	\$156
Total \$ Paid	\$35,000	\$45,000	\$56,000
Masters or Doctorate Degree Loan Amount: \$72,000	10 Year	20 Year	30 Year
Estimated Monthly Payment	\$800	\$516	\$432
Total \$ Paid	\$96,000	\$124,000	\$155,000
Source: National Center For Educational Statistics (nces.ed.gov); bankrate.com; Based on 6% fixed Interest Rate			

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**9. Insurance**

Homeowner – You must purchase home insurance based on the cost of the home you bought

Renter – You must purchase renter's insurance, which insures your belongings rather than the house (your landlord has additional insurance)

Auto – You must purchase car insurance if you own or lease a car. It's the law! Remember, you can choose high or low deductible.



RMRW Lesson 4: Making Choices – Preparing for the Simulation**9. Insurance**

Sample Insurance Rates for Vehicles	
Deductible Amount	Per Month
Low Deductible (\$100)	\$60
High Deductible (\$500)	\$35

Sample Insurance Rates for Home	
Homeowners Insurance	Per Month
House A—\$88,000 value	\$55
House B—\$135,000 value	\$65
House C—\$230,000 value	\$85
Rates based on \$1000 deductible; replacement cost; \$300,000 Liability, \$1,000 medical, Frame construction.	



RMRW Lesson 4: Making Choices – Preparing for the Simulation**10. Entertainment**

Some simulation choices for monthly entertainment will be more expensive than others. Can you rank these five from most expensive to least expensive?

- Movie out with snacks
- Order a delivered pizza
- Movies streaming
- A dog
- Amusement park



RMRW Lesson 4: Making Choices – Preparing for the Simulation**10. Entertainment**

Entertainment Option	Cost	Hours of Babysitting	Babysitting cost
Movie (includes food and ticket)	\$20/person	4	\$10/hr. = \$40
Eating Out	\$20/person	3	\$10/hr. = \$30
Pizza (delivered)	\$20	0	\$0
Video rental from library	Free	0	\$0
TV & Movie Streaming Service	\$12	0	\$0
Video Game Streaming Service	\$10	0	\$0
Pet	\$80	0	\$0
High School Sports Event	\$10	4	\$10/hr. = \$40
Amusement Park	\$70/person (ages 3+)	10	\$10/hr. = \$100
Walk in the park	Free	0	\$0
Bonfire with friends	Free	0	\$0

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**11. Health and Wellness**

Health insurance – choose a high or low deductible plan

Wellness – many workplaces today offer incentives to encourage healthily behavior. You can save some money on your health insurance premiums by engaging in these.



RMRW Lesson 4: Making Choices – Preparing for the Simulation**11. Health and Wellness**

Income	Low deductible (\$500)	High deductible (\$2,000)
0-\$35,000	\$200	\$50
\$35,001-\$75,000	\$300	\$150
\$75,001 or more	\$400	\$250

- Optional: Agree to engage in health activities and check ups to receive money off. In addition, students can perform 5-10 reps of physical activity to get additional money off their health insurance



RMRW Lesson 4: Making Choices – Preparing for the Simulation

12. Contributions

Time Donations

Talent Donations

Money Donations

- Faith community
- Community organizations
- Other non-profit organizations



RMRW Lesson 4: Making Choices – Preparing for the Simulation**12. Contributions**

It is recommended to donate 3%-5% of gross monthly salary to the community or local youth organizations (4-H Program)



RMRW Lesson 4: Making Choices – Preparing for the Simulation**13. Chance – “Life” Happens!****Life happens!**

Save for “surprises” and emergencies

What are some things (both good and bad) that could affect a family’s monthly finances?



RMRW Lesson 4: Making Choices – Preparing for the Simulation

14. Financial Advice

(an optional booth)

If expenses are greater than income . . .

Where can you cut expenses?

How can you increase income?

Do you qualify for Earned Income Credit, Food Stamps, or Government Assistance?

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RMRW Lesson 4: Making Choices – Preparing for the Simulation**Simulation Procedures**

Record expenses on checkbook register

Balance register after each purchase

You can return to booths to make less expensive choices



RMRW Lesson 4: Making Choices – Preparing for the Simulation**Optional Activity:
Prioritizing Expenses**

Rank the priority of each of these 11 living expenses based on needs and income.

Estimate the cost for each category.



RMRW Lesson 4: Making Choices – Preparing for the Simulation

Once you've visited all the booths, go to the "Finish Line"

Last stop at the simulation

Check that all booths were visited

Was your math correct?

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What Did You Learn?

Lesson 5



THE OHIO STATE UNIVERSITY

***RMRW* Lesson 5: What Did You Learn?**

Objectives

Discuss what was learned through

Real Money. Real World.

Complete the Participant Self-Assessment and turn it in.



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Real Money. **Real World.**

**How many had money left
after the spending simulation?**

**If you had money left over,
why?**

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OHIO STATE UNIVERSITY EXTENSION

Real Money. **Real World.**

**If you had a negative balance
at the end, what could have
been done to keep from
running out of money?**

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**What did you do to help make
your money last through all
the spending booths?**

What trade-offs did you make?

**Did you have to “return” any
purchases for
less expensive choices?**

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Real Money. **Real World.**

**In real life, would you be
willing to make
similar changes?**

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What costs were most surprising?

What did you learn in the classroom lessons that helped you make decisions?



OHIO STATE UNIVERSITY EXTENSION

Real Money. **Real World.**

**Was the spending simulation
stressful?**

**If you ran out of money,
how did you feel?**

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Real Money. **Real World.**

**Do you believe the
spending simulation is a lot
like the real world?**

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Real Money. **Real World.**

**In real life, what can you do
now to ensure you will be
able to live independently in
the future?**

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OHIO STATE UNIVERSITY EXTENSION

Real Money. **Real World.**

**How did the Real Money.
Real World. classroom
lessons and the
spending simulation
influence your thinking about
your future?**

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Real Money. **Real World.**

**Complete and turn in the
participant self-assessment.
You do NOT have to put your
name on the
self-assessment.**

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Real Money. **Real World.**

Thank You!



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OHIO STATE UNIVERSITY EXTENSION**Real Money. Real World.**

Name: _____ Date of Spending Simulation: _____

Occupation: (Lesson 1)		Number and Ages of Children (Lesson 1): How many children do you have? _____ Age of each child <table border="1" style="width: 100px; height: 40px; margin-top: 10px;"> <tr> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> </tr> </table>				
Education Level/Degree: (Lesson 1)						
Gross Annual Salary (Lesson 1)	\$ _____					
Gross Monthly Income (Gross Annual Salary ÷ 12)	\$ _____					

Determining Your Net Pay

Description	DEDUCTION (subtract from balance)	SUBTRACT	BALANCE
Gross Monthly Income (from above)	/	→	\$ _____
Federal Tax (Based on Family Size and Income)		→	\$ _____
State and Local Tax (5.5% of Gross Monthly) (Lesson 2)		→	\$ _____
FICA (Social Security /Medicare: 7.65% of Gross Monthly) (Lesson 2)		→	\$ _____
Retirement Savings (at least 5% of Gross Monthly) (Lesson 2)		→	\$ _____
Monthly Net Pay (Monthly Gross Pay – Deductions = Net Pay)		→	\$ _____

Savings Account

Money set aside for emergencies and goals (Lesson 3)

DATE	DEDUCTION (Money taken OUT of Savings)	DEPOSIT (Money put into Savings)	BALANCE in Savings Account (Start with initial deposit)
	/	\$ _____	\$ _____

(Note: Savings can be transferred into checking account during the simulation if needed for living expenses.)

Final Monthly Net Pay Monthly Net Pay – Savings + Chris' Pay (\$400) =	\$ _____
--	----------

RECORD YOUR FINAL MONTHLY NET PAY ON THE REVERSE SIDE OF THIS

OHIO STATE UNIVERSITY EXTENSION

Real Money. Real World.

Checkbook Register: (for use during the Spending Simulation)[illegible]

Booth Volunteer Initials

The person at each booth (except Financial Advice) must initial in the chart below.

Booth	Initials	Booth	Initials	Booth	Initials
Chance		Contributions		Housing	
Child Care		Credit and College Loan		Insurance	
Clothing		Entertainment		Transportation	
Communications		Food		Health & Wellness	

Real Money. Real World. Participant Self-Assessment

Part 1: Circle an answer in both the “before” and “after” columns below that best describes **how much you realized before** and then **how much you realized after** you participated in *Real Money. Real World*.

	How much did you realize BEFORE Attending?	How much do you realize now AFTER Attending?
1. The level and type of a person’s education greatly impacts the type of job they will get and their earning potential.	Not much A little A lot	Not much A little A lot
2. The amount of deductions taken from a paycheck for taxes and other withholdings.	Not much A little A lot	Not much A little A lot
3. That banks and credit unions provide various types of accounts for money management.	Not much A little A lot	Not much A little A lot
4. That regular savings really add up.	Not much A little A lot	Not much A little A lot
5. The importance of having a spending and saving plan.	Not much A little A lot	Not much A little A lot
6. The costs to maintain a household.	Not much A little A lot	Not much A little A lot
7. The costs to care for a child.	Not much A little A lot	Not much A little A lot

Part 2: Circle the answer in both the “before” and “after” columns below that best describes **how important you thought these things were before** participating and **how important you think they are now** — after participating in *Real Money. Real World*.

	How important did you think this was BEFORE Attending?	How important do you think this is now AFTER Attending?
8. Learning how to make wise financial decisions	Not much A little A lot	Not much A little A lot
9. Having a spending plan to meet various living expenses and needs.	Not much A little A lot	Not much A little A lot
10. Asking questions before a purchase leads to better choices.	Not much A little A lot	Not much A little A lot
11. Waiting until I am financially ready before having children.	Not much A little A lot	Not much A little A lot

Part 3: Circle the answer that best describes **how likely it is that you will make changes** in the following areas as a result of your participation in *Real Money. Real World*. If you are already doing what is listed (for example: if you already have a savings account, circle "No change needed, I'm already doing this.")

	How likely is it that you will make changes in these areas?			
12. Get more training or education after high school.	Not Likely	Somewhat Likely	Very Likely	No change needed, I'm already doing this.
13. Have a plan for my money that includes both needs and wants.	Not Likely	Somewhat Likely	Very Likely	No change needed, I'm already doing this.
14. Think about how my spending impacts other people.	Not Likely	Somewhat Likely	Very Likely	No change needed, I'm already doing this.
15. Think through how my spending impacts other opportunities and choices.	Not Likely	Somewhat Likely	Very Likely	No change needed, I'm already doing this.
16. Open a savings account.	Not Likely	Somewhat Likely	Very Likely	No change needed, I'm already doing this.

Part 4: Circle the answer that best describes your thoughts about participating in *Real Money. Real World*.

17. I believe that participating in this program gave me a better idea of what is involved in earning, spending, and managing money.	Not much	A little	A lot
18. I believe that participating in this program will help me in the future.	Not much	A little	A lot

Part 5: Tell us more about your *Real Money. Real World* experience...

19. What did you learn in this program that surprised you the most?

20. What one thing do you plan to change as a result of participating in this program?

21. Other thoughts about your participation in *Real Money. Real World*.

Part 6: Tell us about yourself...

22. Are you...(check one) _____ Female _____ Male

23. What is your race/ethnicity: _____

24. What is your age? _____ Age

25. What is your grade? _____ Grade

26. I am currently involved in a 4-H club or program _____ No _____ Yes

Master Jobs List- Manual Cards if not using Worksheet merge

Career	Education	Salary
Waiter/Waitress	High school diploma or equivalent	\$19,040
Cashier	High school diploma or equivalent	\$19,360
Fast Food Worker	High school diploma or equivalent	\$19,500
Child Care Worker	High school diploma or equivalent	\$20,500
Home Health Aide	High school diploma or equivalent	\$21,500
Retail Sales	High school diploma or equivalent	\$22,190
Janitor	High school diploma or equivalent	\$23,920
Office Clerk	High school diploma or equivalent	\$24,230
Bank Teller	High school diploma or equivalent	\$25,030
Commercial Painter	High school diploma or equivalent	\$28,910
Data Entry Keyers	High school diploma or equivalent	\$30,070
Manufacturing Line Worker	High school diploma or equivalent	\$30,660
Veterinarian Technician	Associate Degree or Technical Certification	\$31,630

OHIO STATE UNIVERSITY EXTENSION**Real Money. Real World.**

Career	Education	Salary
Commercial Food Prep	High school diploma or equivalent	\$32,190
Customer Service Representative	High school diploma or equivalent	\$32,240
Bill and Account Collectors	High school diploma or equivalent	\$32,400
Refuse Collector	High school diploma or equivalent	\$34,480
Sergeant, U.S. Army	High school diploma or equivalent	\$35,592
Automotive Specialty Technician	Associate Degree or Technical Certification	\$36,270
Dental Assistant	Associate Degree or Technical Certification	\$36,560
Bookkeeping, Accounting, and Auditing Clerks	Associate Degree or Technical Certification	\$36,920
Chef	High school diploma or equivalent	\$37,340
Construction Laborer	High school diploma or equivalent	\$38,990
Excavating Machine Operator	High school diploma or equivalent	\$40,720
Truck Driver	High school diploma or equivalent	\$41,790
Machinist	High school diploma or equivalent	\$42,020

OHIO STATE UNIVERSITY EXTENSION**Real Money. Real World.**

Career	Education	Salary
Licensed Practical Nurse	Associate Degree or Technical Certification	\$42,030
Police, Fire, Ambulance Dispatcher	High school diploma or equivalent	\$42,780
Bailiff	High school diploma or equivalent	\$42,880
Diesel Mechanic	High school diploma or equivalent	\$43,500
Clergy	Bachelor's Degree	\$43,650
Small Business Owner	High school diploma or equivalent	\$44,000
Paralegal/Legal Assistant	Associate Degree or Technical Certification	\$44,180
Advertising Sales Agents	High school diploma or equivalent	\$44,270
Graphic Designer	Bachelor's Degree	\$44,750
Computer Support Specialist	Associate Degree or Technical Certification	\$45,090
Heating/AC Mechanic & Installer	Associate Degree or Technical Certification	\$46,150
Precision Ag Specialist	Associate Degree or Technical Certification	\$46,170
Firefighter	Associate Degree or Technical Certification	\$46,360

OHIO STATE UNIVERSITY EXTENSION**Real Money. Real World.**

Career	Education	Salary
Agronomist	Bachelor's Degree	\$46,960
Environmental Technician	Associate Degree or Technical Certification	\$48,000
Electrician	Associate Degree or Technical Certification	\$50,510
Flight Attendant	High school diploma or equivalent	\$50,720
Real Estate Sales	Associate Degree or Technical Certification	\$51,710
Public Relations Manager	Bachelor's Degree	\$52,120
Skilled Trades	High school diploma or equivalent	\$53,050
Lab Tech	Associate Degree or Technical Certification	\$53,240
Phlebotomist	Associate Degree or Technical Certification	\$53,240
Funeral Director	Associate Degree or Technical Certification	\$53,900
Respiratory Therapist	Associate Degree or Technical Certification	\$54,290
Postal Carrier	High school diploma or equivalent	\$54,900
Human Resources Specialist	Bachelor's Degree	\$55,300

OHIO STATE UNIVERSITY EXTENSION**Real Money. Real World.**

Career	Education	Salary
Licensed Social Worker	Masters, Professional or Doctoral Degree	\$55,430
Electrician	Associate Degree or Technical Certification	\$56,350
Web Developer	Associate Degree or Technical Certification	\$56,790
Grain Elevator Manager	Associate Degree or Technical Certification	\$56,820
Ag Education Teacher	Bachelor's Degree	\$57,010
Dietitian/Nutritionist	Bachelor's Degree	\$57,380
Physical Therapist Assistant	Associate Degree or Technical Certification	\$57,470
Wildlife Biologist	Bachelor's Degree	\$57,690
Dental Hygienist	Associate Degree or Technical Certification	\$58,100
Landscape Architect	Bachelor's degree	\$58,980
Teacher	Bachelor's Degree	\$59,560
Secondary Education Teacher	Bachelor's Degree	\$59,990
Consumer Behavior Analyst	Bachelor's Degree	\$60,000

OHIO STATE UNIVERSITY EXTENSION**Real Money. Real World.**

Career	Education	Salary
Police Officer	Associate Degree or Technical Certification	\$60,760
Microbiologist	Bachelor's Degree	\$60,870
Forensic Science Technician	Bachelor's Degree	\$63,100
Registered Nurse	Bachelor's Degree	\$63,300
Certified Public Accountant	Bachelor's Degree	\$63,980
Food Science Technician	Bachelor's Degree	\$64,970
Geoscientist	Bachelor's degree	\$67,820
Chemist	Bachelor's Degree	\$69,670
Insurance Underwriter	Bachelor's Degree	\$69,880
Architect	Bachelor's Degree	\$70,810
Financial Analyst	Bachelor's Degree	\$72,760
Speech Pathologist	Masters, Professional or Doctoral Degree	\$74,140
Civil Engineer	Bachelor's Degree	\$78,501

OHIO STATE UNIVERSITY EXTENSION**Real Money. Real World.**

Career	Education	Salary
Financial Advisor	Bachelor's Degree	\$81,380
Physical Therapist	Masters, Professional or Doctoral Degree	\$85,800
Veterinarian	Masters, Professional or Doctoral Degree	\$86,430
Chemical Engineer	Bachelor's Degree	\$91,790
Computer Software Developer, System Software	Bachelor's Degree	\$94,930
Lawyer	Masters, Professional or Doctoral Degree	\$94,970
Postsecondary Teacher	Masters, Professional or Doctoral Degree	\$97,300
Computer Hardware Engineer	Bachelor's Degree	\$99,170
Researcher (Computer & Information research)	Masters, Professional or Doctoral Degree	\$105,990
Optometrist	Masters, Professional or Doctoral Degree	\$115,600
Pharmacist	Masters, Professional or Doctoral Degree	\$119,148
Doctor (General & Family)	Masters, Professional or Doctoral Degree	\$189,540

OHIO STATE UNIVERSITY EXTENSION**Real Money. Real World.****Master Sheet: Number of Children**

No Children

One 7 year old

No Children

One infant
and one
3yearold

One infant

One3yearold
and one
6 year old

One 1 year old

Two twin boys,
age 3One 3 year
old

Two infants

One 8 year
oldOneSyearold
and one
6 year oldOne 5 year
oldOne infant, one
3yearold, and
one 7 year old

OHIO STATE UNIVERSITY EXTENSION

Real Money. Real World.

Printable Chance Cards

<p>Surprise! You host your mother's 50th birthday party. Deduct \$50 for the cake and decorations.</p>	<p>You win \$50 worth of free groceries in a raffle. Add \$50 into your account.</p>
<p>Ate too many sweets. You have a cavity; get it filled. Cost is \$120.</p>	<p>Purchase a wedding gift for your best friend and her fiancé. Deduct \$50.</p>
<p><u>If you don't have a car, draw again.</u> Parking is more expensive than you expected. Deduct \$10 from your account.</p>	<p>You've been clipping coupons and you saved on your grocery bill this month! Add \$60 to your account.</p>
<p>Your investments paid off with a dividend check. Add \$150 to your account.</p>	<p>Your bank statement arrives. You overdrew your bank account. Deduct \$50 in fees.</p>
<p>You referred a friend who opened an account with your bank. Add \$100 to your account.</p>	<p><u>If you rent your home, draw again.</u> A windstorm damages your roof. Your homeowner's insurance policy requires you to pay a \$500 deductible. Visit financial advice booth if you cannot pay.</p>
<p>Lucky you! Cousin Sally agrees to take care of your children for \$300 per child per month. If you already paid for childcare, add your childcare cost back into your Simulation Worksheet and then deduct Sally's costs.</p>	<p>The town charity drive sends you a contribution request. Donate \$20.</p>

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<p>Your child breaks a window playing baseball. Pay \$60 to get it fixed.</p>	<p><u>If you take public transit, draw again.</u></p> <p>You get in a car accident. It will cost \$500 to repair your car. If you chose high-deductible insurance, pay \$500; if you selected low-deductible, pay \$100. Visit financial advice booth if you cannot pay.</p>
<p><u>If you take public transit, draw again.</u></p> <p>A branch falls on your car and it will cost \$300 to fix. If you chose high-deductible insurance, pay \$300; if you selected low-deductible, pay \$100. Visit financial advice booth if you cannot pay.</p>	<p><u>If you rent your home, draw again.</u></p> <p>Call the plumber! The sink is clogged. You cannot clean it out. Pay \$75.</p>
<p><u>If you own your home, draw again.</u></p> <p>Your landlord decides to sell your house and you have to move. Pay \$200 in moving expenses.</p>	<p>You overpaid your utility bill by \$25 last month. Add \$25 back into your account.</p>
<p>Uncle Ralph sends you a birthday gift of \$100. Don't forget to thank him.</p>	<p>You win \$100 in the local grocery store cash giveaway.</p>
<p>Your child needs a new winter coat. Deduct \$50</p>	<p>A new store has a grand opening. You win a \$100 gift certificate.</p>
<p>Your child is signed up for a field trip to a museum. Cost is \$7 per school-age child.</p>	<p>It's time to plant spring flowers. Pay \$25 for plants.</p>
<p>Sell your scrap gold jewelry and get \$150.</p>	<p>Hold a garage sale. You earn \$200</p>

Personalizing Real Money Real World for Individual Counties



Using local cost/numbers can help youth understand the cost of items they see everyday. It gives them a realistic vision of them being in the “real world” with certain costs and options that are in the area. It is important to look at what can be changed in the simulation through research, community outreach, and personal experience:

- Cost of Items
- What realistic jobs are in the area
- What transportation is available
- Buying options/cost share
- School Tax

Cost of Items

- Evaluate which stations are not accurate with the community.
- What entertainment options are there?
- Evaluate childcare cost (care.com).
- Research housing cost in the area along with school districts (Zillow.com Home Value Index).
- What are the food cost in the area?

Jobs in the Area

- During the lessons before the simulation talk to students about what jobs are in the area if they want to stay there.
- Discuss jobs that aren't available in the area and where students would have to look for them.

Transportation

- Is public transportation an option in the area?
- Does the community get a lot of snow?
- What vehicles are needed to get to work?

Buying Options/Cost Share

- Discuss different ways to save money. Is buying in bulk an option?
- Buying bulk meat from a local butcher vs the store can be cheaper and save on groceries.
- Can cost be shared with other people? Splitting streaming TV/Movie services is a great way to save money.

School Tax

- Research local school's district income tax.
- Compare which schools are higher and take the average for the simulation.



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College of Food, Agricultural,
and Environmental Sciences

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