MC3 Unit 9 - Building a Foundation for a Better Financial Future
Online Student Toolkit

Learning Objectives

At the end of this unit, students will be able to

- Identify the rationale for understanding financial literacy
- Construct a budget
- Devise a strategy for savings and debt management
- Define financial services and products for financial security

Why We Study This Topic

Many people have difficulty managing their money; this is particularly true for entry-level construction workers who get irregular paychecks. Construction work is sporadic, it's seasonal and can be hard to financially manage. There is down time between jobs, jobs are shut down due to weather, and there isn't sick leave or vacation time. You have to manage your money during the good times to cover the bad times or normal gaps.

This section is intended to increase the financial literacy of pre-apprentices and apprentices and help them meet their financial goals.

READ ME!

Instructions for completing this unit:

- In the MC3 Learning Management System (website), locate the *Building a Foundation for a Better Financial Future* section.
- Click on the link for the *Building a Foundation for a Better Financial Future* Student Toolkit and save this document to your computer. Be sure to include your last name in the filename (ex: SmithFinancialFutureStudentToolkit.docx).
- To open the PowerPoint presentation for this Section, click on the Blue "GO" button (Right)

Use this reference **Your Money Your Goals** for select reading assignments throughout the Unit

[https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals-toolkit_2018-11_en_ADA.pdf]

Links for other resources (videos and articles) are also contained in this ToolKit

- When it comes time to submit your work (all Learning Assessment, quizzes and Section Assessments are contained in this Toolkit), depending on your school district policies, you will:
  - A. Upload and submit your Student Toolkit using Google Classroom or other similar programs;
  - B. Email this file to your teacher using your regular email; or
  - C. Print and mail this file to your teacher.
  - ***Your teacher will explain this process.***

Building the Foundation for a Better Financial Future

Assignment One: Introduction

Review PowerPoint slides 1-6 to accompany this text

The construction industry is one that offers its workers a career path to the middle class. Consider this:

- Construction trade workers earn, on average, $23.97 per hour. (2018) That's quite a bit more than the federal minimum wage of $7.25 per hour. Unionized construction workers earn even more.
- The average weekly earnings of union construction workers is $1,257 compared to $868 for non-union construction workers. (2019)

Making good money like that might lead one to think they can now spend big. One of the first things many new construction workers do when they land a union job is to buy a shiny new pick-up truck. After all, you're going to need wheels to get to work and haul your tools around. And if you are making good money, you can afford it, right?

Well, not so fast. Yes, you will be making good money. But what happens when six months later the job ends? That new truck came with a pretty high monthly payment and you didn't stash anything away in savings to cover you between jobs. And that highend truck also comes with a highend insurance bill that has to be paid, along with your rent, food and other expenses.

Construction work is good paying work but it's sporadic. There are times when there is so much work, you'll [gladly] put in ten-hour days plus weekends. Then there are the slow times when you are lucky to get any work at all. Even when work is steady, jobs vary in duration. Some last several months, even years. Some just a few days. Hopefully there's another job ready for you a project is over but there is always some lag time between jobs. Furthermore, many construction jobs are outdoors and have to shut down in heavy rain or snow. And what happens if you get sick or take a vacation? In construction, you are paid for the days you work; when you aren't working, you aren't getting paid.

- The rule of thumb is that in "normal" times, you will expect to work ten months out of twelve, or 1,600 hours in a year, when you are a professional tradesperson.

All of this needs to be considered when pursuing a construction career. Yes, the money is good. In some cases, it's MORE than good. But the intermittent pay that is inherent in the industry needs to be understood and accounted for, literally, early on. Construction workers in particular need to be mindful of how to budget wisely, set money aside for when they need it, and to avoid falling into debt. That's what this module is all about.

ASSIGNMENT – When you are finished reading the introduction and PowerPoint slides, please complete the Learning Assessment Sheet One provided below.

Assignment Two: Budgeting Basics

Review PowerPoint slides 7-22 to accompany this text

Have you ever heard about a famous person… an actor, athlete, entertainer, entrepreneur… who's gone bankrupt? He or she has made millions yet still can't manage to pay their bills. You might wonder, "How does that happen???" It just goes to show you that it doesn't matter how much money you make. What matters is living within your means and having a plan. That's what budgeting is; it's a plan based on what you expect to earn and what you expect to spend over the course of a specific time period. It doesn't have to be perfect to be helpful, but the closer you are to staying "on budget" the better.

Budget Priorities: Some people avoid budgeting because they think it's too hard. If you can do basic math, mostly addition and subtraction with and a little multiplication and division, you can budget. Your budget should meet the following goals:

- First, make sure that your income is enough to pay your bills and primary living expenses.
- Second, set aside money beyond your expenses to put toward savings.
- Third, pay down debt, to the extent you have any
- Lastly, have some money to enjoy life, small and large pleasures. This should be the last goal of budgeting but too many people put this first!

The Budget Process: Regardless of how much money you make or what your expenses are, the process of budgeting is the same for everyone.

- Pick a time period to work with (monthly or bi-weekly)
- Estimate your typical income in that time period
- Subtract your expenses (those that come every month and those that come annually)
- What's left over is what you have to spend on other things: savings, trips, etc.

Income*:* When estimating your Income, use your regular take home pay, less taxes and other deductions. Your weekly union check might be $1,257 but that isn't how much you will have in your paycheck. Look at your paystub for the following types of deductions:

- Union dues (don't forget your union negotiates your pay and benefits!)
- Social Security and Medicare (you will need these later when you are older!)
- Federal and state income taxes (you pay this one way or another, up front or at tax time.)

Now that $1,257 average construction pay becomes $880 in take home pay per week. That number will need to be converted to a monthly figure, allowing for at least some time off for unemployment.

Expenses: Your next step is to estimate your expenses. As a student or recent high school grad you are likely to have few fixed expenses, although some of you might. You may be paying car insurance or gas. You may need to pay your own cell phone bill. When you are out on your own, this list will get longer!

Some of these expenses are easier to estimate than others in that they are the same each month… you know what they are ahead of time… they are *fixed*. Examples: rent or a car payment. Others you pay every month but they may fluctuate, like food or gas. These are *variable* expenses. It doesn't matter too much which category you put them in, the goal is to estimate what your obligations are as closely as possible.

Some expenses don't come every month, they come once a year or quarterly. These must be also included in your budget. Plan for them ahead of time and set money aside to pay for them when they come due. If you pay $90 for your water bill each quarter, include $30 in your monthly budget to cover it.

The Bottom Line: Take your net monthly income, subtract your monthly expenses, and what is left is your "discretionary" money. That means you can spend it on what you want. If your expenses exceed your income, you have two choices: Figure out a way to trim your expenses or earn more money! You most likely place to trim expenses is in your variable expenses, since fixed expenses are FIXED. But you can also make changes here if you, for example, move to a lower cost apartment or get a roommate. Or sell your new car for a used one to get the monthly payments down.

ASSIGNMENT - When you are finished reviewing the text and PowerPoint, please complete the Learning Assessment Sheet Two Provided Below.

Assignment Three: Savings

Review PowerPoint Slides 23-29 to accompany this text

When you save in advance for unexpected expenses and emergencies, you can handle them without having to skip paying your other bills or borrowing money. When you have to skip paying other bills to pay for an emergency, you often pay late fees. And if not paying your bills results in services being shut off – like your electricity or other utilities –you have to come up with even more money to turn them back on. When you borrow money for unexpected expenses, you have to pay fees and sometimes interest. And on top of that, you'll probably have to use some of your future income to pay back the money you borrow. This become a vicious cycle of falling behind and trying to catch up. So saving money ***now*** for unexpected expenses and emergencies can save you money ***later***.

“Stuff Happens” Fund
The standard advice most financial consultants offer is that everyone should have 6 months’ worth of expenses on hand in an emergency fund. For our hypothetical “average” construction worker in our last unit, that would be about $18,000! While that is definitely sound advice, it can be quite challenging, if not overwhelming, for most working people to achieve, especially those still in high school or just starting out!

Starting with a smaller savings fund is both doable in the short run and, for most people, almost as valuable. A “stuff happens” fund is a relatively small amount of cash you might not otherwise have on hand to cover smaller unexpected expenses you hadn’t planned for. $500 - $1000 should do it! This could cover things like

- Car repairs
- Laptop replacement
- An important family trip (like a wedding or to see a sick family member.

Start this small fund first for your savings plan, which is relatively easy and painless to pull together:

- Setting aside $10/week = $520 at the end of the year
- Setting aside $20/week = $1,040 at the end of the year

Voila, there is your “stuff happens” fund. That money should be enough to cover most (but not all!) unexpected expenses. And having your own pot of money to dip into means you won’t have to use more expensive methods to resort to, like “pay day” loans or credit cards. The chart on page 193 (see below) shows the possibilities of an Unexpected Auto Repair to see how savings makes a difference. **See page193 in Your Money Your Goals** [https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals-toolkit_2018-11_en_ADA.pdf]

But don’t forget… when you use it, replenish it!

Emergency Fund
Once your smaller savings fund is set up you can work toward that long-term emergency fund. That is where you want to have 3-6 months of expenses set aside to cover larger needs such as:

- Periods of unemployment
- Large auto repairs or replacement
- Medical emergencies
- Necessary expensive home repairs.

This fund is more challenging to pull together and may seem impossible. But it is doable if you are committed to making it happen over time. Just have patience and resolve. Set aside what you can, making steady contributions (using good budgeting practices.) Throw in any unexpected windfalls, like an unexpected tax refund or a bonus check. Eventually you will meet your goal.

Where to Put Savings Once you have set money aside you need to find a safe place to store it. Even though it has some drawbacks, for some, a secret place in their home may feel like a safe place. For others, it may be an account in a bank or credit union. **Review Finding a Safe Place for Savings for options, pages 109- 110 in Your Money Your Goals** [https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals-toolkit_2018-11_en_ADA.pdf]

Which would work best for you?

ASSIGNMENT - When you are finished reviewing the text and PowerPoint, please complete the Learning Assessment Sheet Three Provided Below

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Assignment Four: Debt

Review PowerPoint Slides 30-41 to accompany this text

Read: How Does a Credit Card Work: https://www.creditcardinsider.com/blog/how-does-a-credit-card-work/

Read: Debit Cards vs Credit Cards https://www.creditcardinsider.com/learn/debit-cards-vs-credit-cards/

Read pages 183 to 193 of Your Money Your Goals
[https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals-toolkit_2018-11_en_ADA.pdf

ASSIGNMENT - When you are finished reviewing the text, links and PowerPoint, please complete the Learning Assessment Sheet Four provided below.

In all likelihood, you are already familiar with the notion of what "debt" is. You know that it somehow applies to what you owe to someone. Financially speaking, debt is the amount of money that you owe based on what you borrow. Most of the time, there is a cost to borrowing money, a fee and/or interest. So, your debt includes what you originally borrowed, *plus* the interest owed for the privilege of borrowing it.

Debt is related to but not the same as *credit*. Credit is how much an institution is willing to lend you. Debt is what you owe after taking advantage of some portion (or all!) of what credit is made available to you.

Unfortunately, most adults at some point acquire debt. You borrow money for a fee because:

- You need money now to cover a bill/expense that you didn't save for. [A medical bill or expensive car repair] OR
- You want something today that you don't have the money to pay for all at once. [A house or a car] OR
- You just find it convenient to put a purchase on a credit card with the intention of paying it off

right away. [Starbucks coffee or clothes.]

While debt can be helpful to meet our living needs, even convenient, it can also be an expensive way to spend money.

Credit Cards vs Debit Cards: Your readings explain the different types of debt and where they come from: banks, credit unions, stores, etc. The most common type of debt you may encounter as you enter the workplace is a credit card. Read the explanation **How Does a Credit Card Work***:*
*[*https://www.creditcardinsider.com/blog/how-does-a-credit-card-work/]

Credit cards are convenient, some even come with perks, like cash back points. But there is a reason why banks work hard at getting you to use their credit cards. They are *banking* on the likelihood that you won't be able to pay off the balance each month thus, having to pay interest fees or, worse, late fees! So be careful when using a credit card.

Debit cards are another way you can pay for things conveniently. Debit cards aren't credit cards in that you are using your own money; it comes directly out of your bank account. They too have some limitations. See the following article about the difference between debit cards and credit cards. [https://www.creditcardinsider.com/learn/debit-cards-vs-credit-cards/]

Debt and Credit Scores: You know that when you take out a loan, you have to pay interest. How much would the interest be? It is usually presented as range of possibilities and where you fall on that range, from low interest to high interest, depends on your *credit score*.

Read the about Credit Scores in in **pages 240-245 in the Your Money Your Goals**
[https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals-toolkit_2018-11_en_ADA.pdf]

You will see when reviewing this document that the higher your score, the lower interest rates you will pay. And the most effective way of keeping your credit score high is to demonstrate responsibility when you incur debt. Pay your bills on time and don't take on too much debt at once.

ASSIGNMENT - When you are finished reviewing the text, links, videos and PowerPoint, please complete the Learning Assessment Sheet Four provided below.

Assignment Five: Financial Resources

Review PowerPoint Slides 42-65 to accompany this text

Read the article on Major Bank Accounts: https://moneywise.com/a/types-of-bank-accounts-explained

Imagine this. You entered a union apprenticeship program. After a week on the job you get your first paycheck. *What you are going to do with it?* The inclination may be to cash it and celebrate; buy something on your wish list. Maybe treat your family or friends out for dinner. It's ok to celebrate …a little, but to build financial security in the short term and the long-run, you need to carefully consider how you will treat those pay checks from here out.

The best thing for you to is to deposit your checks in a bank account where it will be safe and you can manage your money responsibly. If you don't already have a bank account, you should get one. It's easy to do so, your bank will help you. The following document, **Opening an Account Checklist** shows you what to have on hand. See **pages 299 to 302 in Your Money Your Goals**. [https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals-toolkit_2018-11_en_ADA.pdf]

In doing so, you need to be aware of the different types of bank accounts that are available for you. **Checking accounts** are safe places to keep your money that you intend to use for your every day or monthly expenses. They are often free, although some may involve minimum fees. The bank staff will help you figure out the best package based on your needs. When you start working and are out on your own, you will have expenses. Using a checking account is cheaper than using check cashing services and money orders to pay for things. Plus, most if not all accounts can be set up electronically so that you can pay your bills online. No physical check is paid and you still are able to have a record of your payments. Checking accounts also most often come with a Debit Card, which we learned is a convenient way of paying for things without cash. Be careful, though, that you are keeping tabs on all your payments so that you don't run the risk of overdrawing your account – meaning taking out more than you have in your account. If you "overdraw" your account you will have to pay a hefty fee.

Savings accounts are also good to establish early on in your career, if not now! You can set up a savings account at the same time as your checking account (or sooner, if you don't yet need a checking account.) You can easily transfer money between the accounts, even have money paid automatically from your checking account to savings each month. While you may be tempted to just have one account to put all your money in, it's wise to have a separate place to keep your savings. Otherwise, it becomes too easy to forget that it's there for a reason and you may spend it on other things. Remember, for everyone, but especially for construction workers, it's important to build up a savings reserve for those times when you will be out of work.

Savings accounts and some checking accounts pay interest, but not very much. But that isn't the most important feature of these accounts. You want to set them up so that you have a SAFE place to put your money and have it available to you when you need it. Either to pay monthly bills or to use in the future for a goal or an emergency.

Certificates of Deposit (CDs): These special savings accounts where you keep money for a set amount time, anywhere from 6 months to 5 years. The bank holds on to the money until the term is up. In which case you can take the money out and use it OR you can roll it over into a new CD with a new term and interest rate. The longer the term the higher the interest rate. If something comes up and you need to take the money out sooner than the term is up you can still do so, but you might have to pay a small penalty. That will be explained to you ahead of time when you take out the CD. These are particularly valuable for people who feel they will be tempted to dip into their regular bank savings accounts too often when they don't absolutely need it.

Usually starting a CD requires a larger initial deposit than a regular savings account: anywhere from $500 to $2000. The interest rate is a little bit higher than a savings account. Even if you get a CD you should still maintain your savings account so that you can continue to put money into it and you can easily/quickly take money out when you need it.

Money Market Accounts share similar features to both checking and savings accounts. They are offered by most banks and investment firms. They provide a slightly higher rate of interest than a regular savings account and higher initial deposit, which makes them better for long term savings vehicles. They often come with checks to make it easy to access the money when you need it. There is no fixed term, like there is with a CD and you can keep making additional deposits. Sometimes they have restrictions such as maintaining a minimum balance as well as limits on the number of withdrawals in the course of a year.

Money market accounts are good places to keep your *long term emergency fund* to use when you are out of work or for much larger expenses than your "stuff happens" fund can accommodate. Just be careful you use it for *savings* and not for a spending spree.

Investments

Investments are another option to put your money. But these should only be considered after you are financially established and have substantial savings set aside. Investments come with some degree of risk.

The most common three types for us to cover in this lesson are:

- **Bonds**, a loan to a company or other entity for a fixed term with a fixed interest rate.   If you buy a bond, you become a lender. That entity will owe you the money you invested plus interest for the benefit of using your money. Most bonds are safe investments but some are safer than others.
- **Stocks,** your purchase of a share of ownership in a company. For each share of stock, you pay the going price of the stock at the time you buy it. The value of your stock will rise if the stock price increases, in which case if you sell your shares you will make a profit. But the opposite can happen; if the price of the stock goes down, your investment will lose money. It's a risk! That is why you should never invest in the stock market with money you can't afford to lose.
- **Mutual funds**, are packages of some combination of stocks and bonds that you share with other investors. This makes it easier for investors to invest with relatively small amounts of money. Mutual funds are considered less risky because they consist of a lot of different investments, so if one or several falter it has a smaller impact on the value of the fund.

Watch the following short video which explains these accounts:
https://www.glassjacobson.com/blog/what-are-stocks-bonds-mutual-funds/

You can set up an investment account of stocks, bonds and/or mutual funds through a variety of brokerage firms. Not all cover the same level of service. Some brokerage firms do nothing more than make the transaction for you of buying and selling. Others work more closely with you to help you make the right decision in investing depending on your needs. The higher level of service, the higher the cost of these services to you. All brokerage transactions involve a fee to buy and sell and even maintain an account.

Investments are something for you to consider in the future *after* you are financially secure. But it is useful to understand what all your options are now so you will be better prepared in the future.

ASSIGNMENT - When you are finished reviewing the text, links, videos and PowerPoint, please complete the Learning Assessment Sheet Five Provided Below

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Conclusion

Review PowerPoint Slides 66 -68 to accompany this text

The topics covered in this lesson provide the foundation of what is necessary for financial security. This is valuable information for anyone in any career. However, the sporadic nature of construction work makes it even more important that you learn to manage your money well. The decisions you make early on in your career… and today… have real life long term consequences that could support or limit options for your future.

There are numerous websites, articles, books, journals and professional financial advisors to help throughout the process. The Helpful Resources Handout provided includes some of them. The more you educate yourself on this topic, the better off you will be in reaching building your financial future.

Financial Future: Learning Assessment One

1. **Janelle is a recent High School graduate who currently works weekends at Best Buy earning the federal minimum wage. She is now considering her employment options. How much will she earn in the course of a year under each of the following options:**

   Option A: She continues to work at Best Buy, working 30 hours per week for the full year; 52 weeks

   Option B: She finds a non-union construction job, working 44 weeks out of the year.

   Option C: She finds a union construction job, passes her apprenticeship and works 44 weeks out of the year.

2. **Planning your finances in construction is challenging, more so than many other types of jobs. Give at least three reasons why.**

3. **If you got a good paying construction job, what would you do with your first pay check?** ***Two to three paragraphs.***

Financial Future: Learning Assessment Two

Sample Budget Exercise

Part A: Use the following financial profile to see how much this person will have for "spending money" when all required expenses are accounted for. Convert all figures to a monthly amount. Round up to the closest $5

Income:

Average NET weekly income: $950 (taxes deducted)

$950 x 44 weeks (accounts for 8 weeks out of work) = $41,800

$41,800/12 months = **$3,483**

(*Allows for setting aside $635/month to cover 8 weeks out of work*)

Monthly Fixed Expenses

Rent: $800/month	_________	
Car payment: $250/month	_________	
Internet service: $30/month	_________	
Cell phone: $130/month	_________	
Credit card 1: $150/month	_________	
Credit card 2: $75/month	_________	
Total Monthly Fixed Expenses:		_________

Monthly Variable Expenses (Usual Spending)

Gas bill: $110/month	_________	
Electric bill: $120/month	_________	
Gasoline: $250/month	_________	
Groceries: $200/**WEEK**	_________	
Savings: $100/month	_________	
Total Monthly Variable Expenses		_________

Non-monthly Expenses

Car insurance: $600/six months of coverage __________

Water bill: $90/quarter __________

Auto maintenance: $420/year __________

Medical out of pocket: $480/year __________

Total Non-monthly Expenses __________

Total Monthly Expenses: __________

Monthly Income: **$3,483**

Less Total Monthly Expenses: _________

Available Monthly Spending Money : _________

Part B: Answer the following questions in response to doing the budget:

- Do you believe this budget is sufficient? Explain.

- If you feel the need to have more available spending money, where would you make adjustments?

Financial Future: Learning Assessment Three

1. The Chart below offers several suggestions for construction workers to save money. On this list, identify *five i*n either column that you think are most practical/achievable if you were a construction worker. Explain your choices

Easy Ways to Save Money

There are numerous ways that people can cut back on everyday costs that can overall result in big savings. This is a select list of more than 100 suggestions from two sources: www.thesimpledollar.com and www.doughroller.net

Useful Tips Especially for Construction Workers	**Useful Tips for Everyone**
1. Drink water instead of energy drinks or sodas 2. Bring jugs of water instead of bottled water 3. Bring your own coffee: thermos 4. Fix your own stuff; swap skills with friends 5. Go cheaper on gas by: • Clean air filter • Inflate tires • Fill up at cheaper gas stations • Don't speed • Share rides to work (and other places) 6. Avoid fast food places; pack a lunch 7. Pack your own snacks 8. STAY HEALTHY 9. Quit smoking 10. Enjoy beers at home vs the bar 11. No DUIs: DON'T DRINK AND DRIVE 12. Plug drafts at home; insulate	13. Wait 30 days before buying something 14. Lottery tickets aren't usually winners 15. Lights: • turn off when not in use • Use LED lights 16. Analyze your cell phone/internet/cable options 17. Check out used before new • Especially for cars, furniture, household items, even clothes 18. Stick to shopping lists 19. Adjust your auto insurance • Increase deductibles • Drop collision coverage for older cars 20. Buy staples in bulk (toilet paper, detergent, paper towels) 21. Buy generic over brand name 22. Follow up on rebate offers 23. Monitor/shop around interest rates 24. Avoid extended warranties 25. Eat leftovers; don't waste food 26. Manage gift giving 27. Avoid "shopping" at convenience stores 28. Adjust thermostat • 68 in winter; 78 in summer • Lower/higher when away

2. Identify two things that you would like to save for in the near or distant future. It could be something big or small. Use the **Savings Plan worksheet on Page 102 in Your Money, Your Goals** to develop a strategy for reaching those goals.

Financial Future: Learning Assessment Four

1. **Define/explain the following terms:**

   - **Debt**

   - **Credit**

   - **Interest**

   - **Credit Score**

2. **You are going to purchase a new iPhone for $800. You have $2,000 in your bank account. You have a debit card linked to your account. You also have a credit card with a $5,000 limit on it at 14% interest. You already have $1,000 debt you are paying off on that card from purchases you made on a family vacation last year, $50 dollars at a time is all you can afford to pay it off.**

   What are the pros and cons of using the Debit Card over the Credit card for this purchase? Which card would you decide to use and why?

3. **You have two debts you are responsible for.**
   - **$500 balance due on a used car you bought three years ago at 4.5% interest. The minimum monthly payment is $150**
   - **$1000 you owe Best Buy for some electronics you treated yourself with as a graduation present at 14% interest. The minimum monthly payment is $30.**

   With your tight budget, you can only afford to devote $220 a month toward paying off debt, meaning you have an extra $50 to pay beyond the minimum.

   How would you apply that extra $50 dollars; would you put it towards the car, towards the electronics or both? Explain your reasoning.

   Use the Reducing Debit Worksheet explanation of strategies on page 211 of Your Money, Your Goals and slides 37-38 of the PowerPoint to help guide you.

Financial Future: Learning Assessment Five

A. Where to Stash Your Cash: *Pick the best place [pick only one option] to put your money based on the needs indicated for the choices offered. For each response offer a brief explanation as to why you made that pick over the other two options.*

1. You just got your first paycheck and need a place to put it and start paying your bills.
    a. Money market account
    b. Savings account
    c. Checking account

2. You need to establish your "stuff happens" fund. You have about $50 to start with and hope to make regular deposits.
    a. Mutual Fund
    b. Money Market Fund
    c. Savings Account

3. You have money set aside for your small and large/long term emergency funds. You are ready to start making your money work for you. You want to minimize risk and be certain of a fixed return on your investment.
    a. Savings account
    b. Bonds
    c. Stocks

4. You have $1,000 saved for your emergency fund and want a place to put it, where it can earn more money and where you won't be tempted to spend it.
    a. Checking account
    b. Money market account
    c. Certificate of Deposit

5. You have established both of your emergency funds. You are ready to start making your money work for you. You feel confident with your finances right now and can afford some risk in the hope of making more money. You don't intend to need this money any time soon.
   a. Certificate of Deposit
   b. Stocks
   c. Money market account

6. You have some money to invest in the long run but you are uncertain of what would be a good company to invest in.
   a. Stocks
   b. Bonds
   c. Mutual Fund

7. You have about $2,000 saved up and want to keep adding to it for your long-term emergency fund. You are concerned about tying up your cash though, and want to be able to get to it easily in case you need it.
   a. Stocks
   b. Certificate of Deposit
   c. Money market

B. Stock Market Exercise

Instructions: Part 1. It's New Years' Eve 2013. You have just inherited $5,000 from your wise and frugal Aunt Tillie. Having already set up your two savings funds, you want to be sure to use this precious gift in a way she would be proud of. Using the set of stocks provided below, develop a portfolio of the stocks you intend to invest in. You can invest in one, all, or select stocks as long as your total portfolio comes to $5,000. (You can have up to $100 cash left over.)

Name	Symbol	Industry	Price* 12/31/13	#Shares	Cost	Price* Today	Cost
Microsoft	MSFT	Tech	$37				
ExxonMobil	XOM	Oil	$101				
Amazon	Amzn	Retail	$399				
Pfizer	PFE	Pharma	$31				
Ford	F	Auto	$15				
Wells Fargo	WFC	Financial	$45				
Sprint	S	Telecom	$11				
Public Storage	PSA	Prop Rental	$151				
McDonalds	MCD	Restaurant	$97				
Home Depot	HD	Retail	$82				
Stock Portfolio							
Remaining Cash							
Total Portfolio					**$5000**		

Part 2. Time has gone by. Using Yahoofinance.com, find the current stock prices* to see how much are your stocks are worth today. Has your total portfolio gone up or down?

**Stock prices rounded off to the closest dollar*

Helpful Resources

There are numerous websites, articles, books, magazines and professional financial advisors to help throughout this process. Here are some of many that are helpful and easy to understand.

Consumer education, discounts and financial services for union members and families

- Union Plus www.unionplus.org

General financial websites that include an array of articles, tips and tools on money, investments, and financial advice

- Motley Fool: www.fool.com
- Savings Advice: www.savingsadvice.com
- Kiplinger: www.kiplinger.com

Sources of information on bank products: loans, interest rates, etc.

- Bankrate www.bankrate.com
- Nerdwallet www.nerdwallet.org

Sources for education on savings and investment as well as general financial management advice

- Financial Industry Regulatory Authority (FINRA)
  http://www.finra/investors/prepare-invest

- American Institute of Certified Public Accountants (AICPA)
  www.feedthepig.org

Credit Reports and Credit Scores

- Federal Trade Commission (free credit report)
  1-877-322-8228

  www.annualreport.com

Credit Reporting Agencies (fees and/or extra services involved)

- Experian www.experian.com
- Equifax www.equifax.com
- Transunion www.transunion.com

Credit Counseling Services: (free or low cost)

- National Foundation for Credit Counseling

www.nfcc.org

800-388-2227

Student Loans

- Federal direct loan program
  www.ed.gov
- Private student loans
  www.salliemae.com

Housing Assistance

- Federal advice and assistance (buying/foreclosure avoidance)
  www.hud.gov