

BETTER MONEY HABITS HIGH SCHOOL LESSON: CREATE A SAFETY NET FOR LIFE'S UNEXPECTED EVENTS

LESSON 10 -- CREATING A FINANCIAL SAFETY NET

LESSON DESCRIPTION AND BACKGROUND

This lesson uses the Better Money Habits video Create a Safety Net for Life's Unexpected Events (www.bettermoneyhabits.com) to explain why creating an emergency fund is important, especially when confronted with unexpected costs. It can be used in conjunction with Lesson 20: The Benefits and Opportunity Costs of Spending and Saving in Financial Fitness for Life, Grades 9-12. The video is approximately 6 minutes and completing the activities in this lesson requires one 45 minute class period.

The activities included in this lesson are designed to be incorporated into Lesson 20 by adding the concept of establishing an emergency savings account as part of a savings plan. This lesson encourages students to have a plan in place for creating a safety net to protect against unexpected debt in case of a financial emergency. It also discusses ways to build a savings account and maintain liquidity for easy access.

BETTER MONEY HABITS VIDEO

Saving and Budgeting: Saving for What's Ahead: Create a Safety Net for Life's Unexpected Events (5:52)

FINANCIAL FITNESS FOR LIFE CONNECTION, GRADES 9-12

Lesson 20: The Benefits and Opportunity Costs of Spending and Saving

ECONOMIC AND PERSONAL FINANCE CONCEPTS

- Safety net
- Emergency fund
- Budgeting
- Savings
- Goal setting

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NATIONAL STANDARDS FOR FINANCIAL LITERACY

Standard 2. Buying Goods and Services, Benchmark: Grade 12

1. Consumer decisions are influenced by the price of a good or service, the price of alternatives, and the consumer's income as well as his or her preferences.

Standard 3. Saving, Benchmark: Grade 12

3. Some people have a tendency to be impatient, choosing immediate spending over saving for the future.

OBJECTIVES

At the end of this lesson, the student will be able to:

- Identify an actual emergency spending scenario in their life.
- Prepare a plan for dealing with potential emergencies.
- Understand the risks of not having an emergency fund.
- Know how to begin an emergency fund.
- List ideas on how to increase your savings.

TIME REQUIRED

One 45 minute class period, in addition to the time required for Lesson 20

MATERIALS

Handout 10.1: Creating a Financial Safety Net

PROCEDURE

1. Complete Procedures 1-6 in Lesson 20. Distribute Handout 10.1 and ask students to complete the first question. Ask students to share their answers with the rest of the class.
2. Ask students if they have heard about having an emergency fund and if they know what its purpose is. Explain they are going to watch a brief video that illustrates the importance of creating an emergency fund and how it can serve as a financial safety net when faced with unexpected expenses.
3. Tell students the answers to the remaining questions on Handout 10.1 will be given during the video; have them fill in the blanks as a guide to watching the video.
4. After watching the video, put students in small groups to discuss the video and review their answers on the worksheet. Have each group prepare a 30 second commercial to share with the class using the information presented in the video. Allow each group time to present their video to the class.

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5. Debrief the activity by asking students what they learned from watching the video and the class commercials. Ask students if they would change any of their answers to Question 7 on the handout.
6. Complete the remaining Procedures in Lesson 20.

CLOSURE

Refer to Lesson 20.

ASSESSMENT

Refer to Lesson 20.

EXTENSION

Refer to Lesson 20.

View additional Better Money Habits videos (www.bettermoneyhabits.com) on Savings and Budgeting. Be sure to preview each video to determine if it is appropriate content for your students.

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HANDOUT 10.1 – CREATING A FINANCIAL SAFETY NET

1. What is a safety net and why do you need one?

*Complete the remaining questions using information from the Better Money Habits video:
Create a Safety Net for Life's Unexpected Events (www.bettermoneyhabits.com)*

2. A National Foundation for Credit Counseling poll revealed that _____% of Americans would utilize a source other than their savings account to satisfy an unplanned \$1,000 expense.
3. _____% said they would neglect existing obligations, like rent or mortgage payments, to pay for the emergency need.
4. Where to begin? A good place to start is figuring out your _____ expenses.
5. A good rule of thumb, now that you know your total expenses for every month, is to multiply that number by _____ to reach your initial savings goal.
6. The term "_____" means you can access it without having it being locked in a hard to get place that requires a lengthy process to access.
7. List two ways to increase your savings.

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HANDOUT 10.1 ANSWERS

1. Answers will vary
2. 64%
3. 17%
4. Monthly
5. Three
6. Liquid
7. Brown bagging, reducing the number of trips to the coffee shop, working extra hours at work, etc.