



Teen Leadership 20

Intended Audience:

- Teens

Lesson Objectives:

Participants will:

- Explain the concept of needs vs. wants as it relates to a personal budget.
- Be able to discuss the benefit of saving money at a younger age.

Time: 20 minutes (for 1 activity)

Equipment and supplies:

- White board or flip chart and markers.
- 'Wants vs. Needs Expense Worksheet' – 1 copy per participant.
- 'The Advantages of Starting Early' handout – 1 copy per participant.

Do Ahead:

- Review lesson
- Gather equipment and supplies

Future Financial Well-Being

BACKGROUND

You might ask, "What does my financial well-being have to do with my leadership abilities?" Just ask any business owner or political candidate, and you will certainly learn that personal finances are often scrutinized and financial savvy is a much-desired characteristic. Anyone leading a business or organization will have to work with budgets and finances, with a goal of profit, or at the least keeping the doors open month-to-month! While this lesson will not guarantee you become a future millionaire, it will set you on a path of proper spending and saving...two keys to future financial well-being.

WHAT TO DO

Activity 1: Spending Choices

- Label two pages of a flip chart: 1) NOW, 2) IN 5 YEARS
- Ask participants to identify ways they spend their OWN money right NOW. Write responses on page 1 of flip chart. Examples might include: cell phone, car insurance or gas, eating out, clothes, entertainment.
- Ask participants to identify ways they would expect to spend their money 5 years from now (consider being out of parents' home, in college or employed, etc.). Write responses on page 2 of flip chart. Examples might include: cell phone, rent, utilities, clothes, groceries/eating out, entertainment, car payment/insurance/gas.
- Discuss needs vs. wants as one of the most basic economic concepts. Ask participants to prioritize the items between the two lists. The most general definition is that a NEED is something you *have* to have, and a WANT is something you *would like* to have. Be sure to explain how even within the most general of categories, there can be needs and wants. Example: food is a need; you must have food to survive, but you do not *need* filet mignon to survive!
- Distribute the "Wants vs. Needs Expense Worksheet" for participants to complete and take home. If time permits, encourage the group to discuss amongst themselves.



Sources:

- *Want vs. Need: Basic Economics*. Retrieved from: <http://www.socialstudiesforkids.com/articles/economics/wantsandneeds1.htm>
- Ohio State University Extension. *Real Money, Real World*. Retrieved from: <http://realmoneyrealworld.osu.edu>

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Activity 2: The Advantages of Saving Early

- Ask participants if they think they should start saving money (as in a savings or investment account) at their age, and why or why not?
- Distribute the handout 'The Advantages of Starting Early.' As participants look over the handout, ask the following questions:
 - If you save \$1000 per year from age 16 to age 25, how much will you have invested? (A: \$10,000)
 - If this money is invested at 5% (meaning you will receive 5% interest on the total each year) and allowed to remain invested until you reach age 50, how much money will you have? (A: \$45,409)
 - If your friend starts saving \$1000 per year at age 41 to age 50, how much will he/she have invested? (A: \$10,000)
 - If he/she receives the same 5% interest that you have, how much money will he/she have at age 50? (A: \$13,043)

TALK IT OVER

Reflect:

- What is the advantage to saving money at a younger age?
- What might prevent you from being able to save \$1000 per year as a teen or young adult?

Apply:

- Research (in person or online) savings account options at several banks or financial institutions. Consider opening a savings account, or if you already have an account, consider moving it if your research uncovers a better opportunity.

ADDITIONAL RESOURCES

Check out the 'Real Money Real World' program conducted through OSU Extension, or consider enrolling in one of the Ohio 4-H money management projects:

#445 Becoming Money Wise

#448 Teens...On the Road to Financial Success

Please take time to complete the Participant and Facilitator evaluations, found online at go.osu.edu/TeenLeadership20.

Considerations for Conducting Virtually:

- Instead of using flipchart paper, screenshare and use two sides of a whiteboard – write responses on corresponding side.
- Email the "Wants vs. Needs Expense Worksheet" and "The Advantages of Starting Early" ahead of time or send then in the chat box when the time is right.

WANTS vs. NEEDS Expense Worksheet

Complete this worksheet as an estimate of future expenses to determine your future needed monthly income. Take this worksheet home to discuss with parents or other trusted adults to determine if your estimates are realistic.

<i>Type of Living Expense</i>	<i>Priority Ranking (1-11)</i>	<i>Estimated cost per month</i>
Child Care		
Clothing		
Communications (<i>TV, phone, internet</i>)		
Contributions (<i>church, school, community</i>)		
Credit cards/College loans		
Entertainment (<i>includes eating out, vacations</i>)		
Food (<i>that you prepare at home</i>)		
Housing		
Insurance (<i>auto, life, renters/homeowners</i>)		
Personal hygiene/Home care		
Transportation		
Utilities		
<i>TOTAL Monthly expense estimate (cannot exceed income)</i>		

- Are there other expenses you can think of that are not on the list above?
- Brainstorm ways that you can decrease expenses or increase income.

The Advantages of Starting Early				
Age	YOU		YOUR FRIEND	
	How much you save each year	How much you have at the end of each year	How much you save each year	How much you have at the end of each year
16	\$1,000	\$1,050	0	0
17	\$1,000	\$2,153	0	0
18	\$1,000	\$3,310	0	0
19	\$1,000	\$4,526	0	0
20	\$1,000	\$5,802	0	0
21	\$1,000	\$7,142	0	0
22	\$1,000	\$8,549	0	0
23	\$1,000	\$10,027	0	0
24	\$1,000	\$11,578	0	0
25	\$1,000	\$13,207	0	0
26	0	\$13,867	0	0
27	0	\$14,561	0	0
28	0	\$15,289	0	0
29	0	\$16,053	0	0
30	0	\$16,856	0	0
31	0	\$17,699	0	0
32	0	\$18,584	0	0
33	0	\$19,513	0	0
34	0	\$20,488	0	0
35	0	\$21,513	0	0
36	0	\$22,589	0	0
37	0	\$23,718	0	0
38	0	\$24,904	0	0
39	0	\$26,149	0	0
40	0	\$27,457	0	0
41	0	\$28,829	1000	\$1,050
42	0	\$30,271	1000	\$2,153
43	0	\$31,784	1000	\$3,310
44	0	\$33,374	1000	\$4,526
45	0	\$35,042	1000	\$5,802
46	0	\$36,794	1000	\$7,142
47	0	\$38,634	1000	\$8,549
48	0	\$40,565	1000	\$10,027
49	0	\$42,594	1000	\$11,578
50	0	\$44,723	1000	\$13,207

Source: INTEREST.COM calculator at: deposits.interest.com/content/calculators/savingscalc.asp