

# It's Your Money! Financial Education for Young Adults

## What is the It's Your Money! program?

*It's Your Money! Financial Education for Young Adults* is a program that teaches young adults about the basics of personal finance. During this program, students will learn the knowledge and skills that they will need to navigate their own financial future. This program consists of two parts: financial education in the classroom and a Real-World Experience capstone activity where they will use their new skills to make real-life financial decisions without real-world consequences.

## Financial Education in the Classroom

Students will complete lessons on basic financial topics including the following:

- ▶ Financial well-being
- ▶ Invest in yourself
- ▶ Tracking and budgeting
- ▶ Using financial services in the real world

Each lesson is designed to teach new concepts related to personal finance and allows the students to begin to create their own financial plans.



## Real-World Experience capstone activity

In this simulation of the real world, participants assume that they have completed the basic educational requirements for their chosen career field and are single and 25 years old. They live independently, with no financial support from family or others.

Students will receive a job or career based on the field that they are interested in. They will then receive the gross monthly salary information that corresponds with their occupation. They will deduct income-related taxes and student loan payments, if applicable (not all occupations require a student loan). Lastly, they will determine how much of their "net" salary they wish to save. The remaining amount will be available for the participants to make spending choices during the simulation.

The participants proceed with the Real-World Experience simulation and make spending choices from the following categories. Following each choice, they enter the information in the transaction register and balance their register.

- ▶ **HOUSING:** The participants choose from a selection of options: renting vs. purchasing, house vs. apartment, etc. Participants must also consider their insurance needs based on their housing choice.
- ▶ **TRANSPORTATION:** The participants choose from a selection of options regarding new or used autos/trucks: sports car, mid-size sedan, truck, sport utility vehicle, or hybrid small vehicle. They also figure in a predetermined cost for insurance, gasoline, oil changes, etc.
- ▶ **INSURANCE:** Everyone needs health insurance. Some will have health insurance covered by their employer, while others will have to pay out of pocket. Life insurance is optional.

- ▶ UTILITIES: The total monthly utility bill corresponds to the type of housing they selected and extras they wish to purchase. This category also includes cable, internet, and cell phone plans.
- ▶ GROCERIES: Participants select the level of food purchases that most closely fits their personal preferences. The grocery cost is only for food purchased at the grocery store and prepared at home.
- ▶ CLOTHING: The participants select the amount that most closely fits their personal preferences. That amount, plus a set cost for laundry and dry cleaning, determines the total clothing cost.
- ▶ PET: Pet ownership is optional. The cost of pet ownership is based on the type of pet that participants select.
- ▶ CREDIT CARD DEBT: Random participants will be selected to have credit card debt. Participants will choose how much to pay down the credit card balance.
- ▶ PARENTHOOD: Random participants will be selected to be parents. The cost of parenthood is based on childcare, health care, food, and miscellaneous items for one child under 2 years old.
- ▶ ENTERTAINMENT: Many entertainment choices are offered: concerts, eating out, professional sports events, etc.
- ▶ CHARITABLE GIVING: Participants will have the opportunity to give either a monetary donation to a charity of their choice or if their budget does not allow for a donation, they can choose to donate their time.
- ▶ REALITY WHEEL: Participants are offered a view of how life can throw a curve ball when least expected. They will spin the reality wheel, which includes several “real-life situations” that represent some of the unexpected expenses and income often encountered in adult life: “You received a speeding ticket. Pay \$175,” or “You had a garage sale and earned \$250.”

Whether they have adequate funds or run out of money, they continue through the activity and finish with either a positive or negative balance.

## Real-World Experience Debriefing

“I barely had enough money to meet my expenses” is often a response of the participants after completing the Real-World Experience simulation. Some finish with a positive checking account balance, while others have a negative balance. Participants must understand that a negative balance (overdrawn account) is **not permitted in real life!** Therefore, in the final part of the program, participants evaluate how well they spent their money. The participants will have the opportunity to go back to their original budget and compare it to their spending. They will have the opportunity to make changes to their budget.

If they had a negative balance, they will consider the choices they made and discuss what alternatives might be taken to not overdraw their account.

Participants balance expenses to income by:

- ▶ Making wiser consumer/lifestyle choices.
- ▶ Reducing spending.
- ▶ Developing a realistic spending plan.

Students also can think about:

- ▶ Selecting a different occupation that has a higher income.
- ▶ Getting more education/training, thus improving earning potential.

