

Financial Literacy Unit for English Language Learners

AIM

To provide adult English language learners with an improved comprehension of how the economic crisis is affecting their everyday lives and to offer an increased understanding of key financial literacy concepts using new media tools. The intention is to give students hands-on practice using these free online tools to help them take control of their finances, get out of debt and plan for the future.

Through these practical lessons, students will develop an understanding of money management while practicing their listening, reading, speaking and writing skills.

OBJECTIVES

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

- Define income, expenses, budget, debt, mortgage, loan, interest, fixed rate mortgage and adjustable rate mortgage.
- Explain the difference between a fixed expense and a variable expense.
- Understand news articles containing vocabulary related to personal finances and debt.
- Access and research websites that help them monitor their monthly expenditures by turning their raw data into pie charts and bar graphs of income and expenses.
- List the advantages of using a bank account rather than a check cashing center to cash paychecks.
- Identify at least one personal expense that is variable and can be reduced.
- Use conditional sentences to discuss potential changes in their present and future habits.
- Differentiate between the modals should, must, might, can and could.
- Practice different pre-essay writing techniques, such as free writing and mind mapping.
- Learn the meaning of the term “cause and effect” and the basic organization of a cause-and-effect essay.
- Recognize the signs of a risky loan.

OVERVIEW

This unit focuses on language acquisition for English language learners specifically with regard to vocabulary and grammatical structure pertaining to financial literacy. Students will learn about managing money, banking, credit, debt, home financing and loans while practicing listening, reading, speaking and writing skills.

Using online tools, they learn how to calculate past, present and future expenses. They also conduct their own oral research on a local bank to explore the fees levied and services offered. In the section on loans and mortgages, students use an online mortgage calculator to ascertain the monthly mortgage or rent payment they can afford, and in the lesson on credit cards, they learn the ways that credit card companies charge extra fees, change interest rates and administer penalties. The unit concludes with a quiz on financial terms and ways to stay out of debt.

DAY ONE: THE ECONOMY AND MANAGING SPENDING

1. Begin with a short warm-up discussion by asking students the following questions:
 - Do you have a job?
 - Do you know anyone who has two jobs? Why does he or she have two jobs?
 - What is an *alcoholic*?
 - What is a *workaholic*?
2. Stream the video titled “Workaholic-landia” (<http://www.youthradio.org/news/youth-voices-economy>), the interview with college student Denise Tejada. Denise, who has lived in the United States for more than 10 years, describes how her family members work multiple jobs to pay their bills and how she, too, works multiple jobs, even though she is a student.

Invite students to break into small groups to respond to the following questions based on Denise’s interview.

“The land of opportunity has suddenly become workaholic-landia.”

- What does “The land of opportunity” mean?
- What does “workaholic-landia” mean? Is it a real word?

“These days my parents are depending on their kids’ contributions to the household bills.”

- What does this mean?
- Do you think it is fair for children to have to help pay their parents’ bills? Do you know people who are doing this?

TARGET GROUP

Intermediate- to high-level ESL students (levels 6 through 8). (For the purpose of this lesson, the target group levels range from 1 through 8, with the following guidelines: 1 = beginning, 5 = intermediate, 8 =advanced.)

LENGTH

Five class periods of approximately 2 hours each

MATERIALS

- **“Youth Voices on the Economy”** – Youth Radio interviews with three young people about the effect the current economy has had on their personal lives, health and studies; available at <http://www.youthradio.org/news/youth-voices-economy>
- **Beehive** – a website produced by the nonprofit organization One Economy that provides information and resources about money, health, jobs, school and family; <http://www.thebeehive.org>
- **Budget Builder Tool** – enables you to calculate your monthly expenses and create visual pie charts and bar graphs to aid in the tracking and control of your spending; available under Spending Wisely at <http://thebeehive.org/money>
- **Track Your Expenses** – downloadable worksheet; available at http://www.thebeehive.org/sites/default/files/Track_Your_Expenses_by_Hand.pdf
- **“Understanding Check Cashing and Payday Loans”** – article available at <http://thebeehive.org/money/spend-it/understanding-check-cashing-and-payday-loans>
- **“Open a Bank or Credit Union Account in Your Community”** – article available at <http://www.thebeehive.org/money/save-it/open-bank-account>
- **“Questions to Ask Before Opening a New Bank Account”** – article available at <http://www.thebeehive.org/money/save-it/open-bank-account/questions-ask-opening-new-bank-account>
- **Housing** – main page for the Housing section of the Beehive’s website; provides links to multiple tools and topics related to housing; available at <http://www.thebeehive.org/housing>

“During the current [economic] crisis ... many people have lost their homes ...”

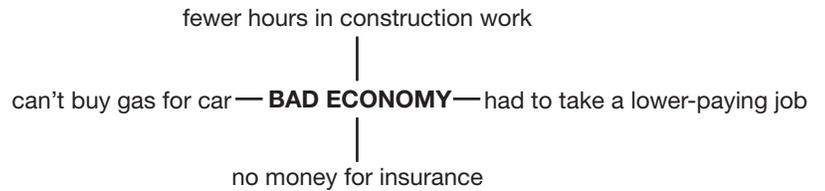
- What is a crisis?
- Do you feel the effects of this economic crisis?
- How has it affected you, your family or your friends?

Invite students to share their answers with the whole class to check that they have understood the main points of the interview.

3. Allow students time to write silently in response to the question “How has the economic change affected you or your family?” Then ask them to share with the whole class one of the effects they mention in this writing exercise.
4. Select one of the effects identified in the writing exercise to demonstrate mind mapping, a technique used to plan essays. On the board, write a cause (e.g., bad economy) at the center and show the various effects radiating out. In addition, it may be helpful to diagram a causal chain, which more clearly illustrates a chain reaction and follows a straight linear path.

Write the cause (bad economy) in the center. Ask students to choose one of the diagrammatic forms and fill in the effects of the economic change that they identified in their writing.

EXAMPLE OF MIND MAPPING



EXAMPLE OF CAUSAL CHAIN

lost my job ●●●● lost my health insurance ●●●● my diabetes got worse

- **Housing and Urban Development** – page on the HUD website that aids in the search for subsidized housing in California; available at <http://www.hud.gov/apps/section8/step2.cfm?state=CA%2CCalifornia>
- **“Predatory Lending”** – article that discusses how to protect yourself from predatory lenders; available at <http://www.thebeehive.org/housing/how-buy/what-look-out/predatory-lending>
- **Types of Loans** – provides links to articles about different types of loans; available at <http://www.thebeehive.org/housing/how-buy/learn-about-types-loans>
- **“Don’t Get Clobbered by Credit Cards!”** – article from Parade magazine, published 8/10/2008; available at <http://www.parade.com/hot-topics/0808/dont-get-clobbered-by-credit-cards>

5. Before going to Beehive’s Budget Builder, familiarize students with the vocabulary used in the Budget Builder. They can work in pairs or small groups to write the letter of the definition next to the word it defines.

Mortgage 1) _____	a. you pay the same amount every month
Loan 2) _____	b. sometimes you spend more, sometimes less
Income 3) _____	c. money borrowed to pay for a house
Expenses 4) _____	d. money borrowed from a bank for any reason
Budget 5) _____	e. you owe money and need to give it back
Be in Debt 6) _____	f. giving money to poor people who need it
Charity 7) _____	g. the money you spend on each thing each month
Fixed expense 8) _____	h. things you have to pay for
Variable expense 9) _____	i. the money you earn from your job
Utilities 10) _____	j. buy now, pay later
Groceries 11) _____	k. electricity, water and gas for your home
Credit 12) _____	l. the food you buy to cook at home

Extension Activities

Direct students to <http://eslhomebuying.edublogs.org/> and ask them to find the blog entry **Renting Vs. Buying a Home**. They should listen to the Ello Interview (552 Rent or Own) and take the interactive quiz at <http://www.ello.org/english/0551/T552-Mark-Renting.html>.

Suggest students watch **Episode 1** from **To the Front Door** at <http://www.thebeehive.org/housing/prepare-buy/video-front-door>.

Then ask students the following questions:

- Why does Kelvin want to buy a home?
- How does the home ownership program MANNA House help him?

6. Ask students to fill in the blanks in the conversation with one of the 12 words from the box.

mortgage	loan	income	expenses
charity	groceries	fixed expenses	variable expense
utilities	credit	budget	be in debt

Ana: After I pay my rent, I have very little money for my other _____ like groceries, electricity, gas and water. I wish the _____ were not so expensive, but we use fans a lot in the hot weather!

Carla: I know what you mean! I am now in _____ because I used my credit card to pay my utility bills. It is not good to spend more each month than your total _____.

Ana: I know, but sometimes it's hard. I try to write out a plan, you know, a _____ for how much I will spend for each thing. But there is always a surprise or an emergency. My kids' preschool is easy to predict, it's a _____ expense. But other things, like weddings presents and the price of gasoline, I can't control.

Carla: I am afraid that I will have a bad _____ history, and no bank will give me a _____ when I want to buy a house someday.

Ana: That may affect your _____ score—but the good news is houses cost less now!

Invite individual students to share their answers for each question with the class.

DAY TWO: Activity 1 – Demonstrating How to Use the Online Budget Tool

The budget tool on Beehive.org (under Spending Wisely at <http://www.thebeehive.org/money>) offers a resource for calculating monthly expenses, then shows a visual representation of the proportions in pie graphs and charts. *Note: Before students use the Budget Builder tool, they will need to set up an account, choose a password, check their personal email for the confirmation and click the link in the email to enter the Budget Builder. They may need help with this.*

1. Have students log on to the website and respond to the question about their average total income and its source. They could scroll down to change from monthly to weekly, but for the purposes of the demonstration it is probably most helpful to stick to Monthly, which is the default setting.

Ask students for their realistic monthly income. If they have more than one job, the blue button displays “+add more,” enabling them to list earnings from different jobs each month. The tool will total them automatically.

2. In answer to the question at the bottom about government aid checks, have students click No. This will get them to the next page.

Point out that from there on, at the end of each page, the blue button options are either Previous or Save / Next. To go back and change numbers at any time, they can click the blue bubble with the question mark.

3. Fixed Expenses: Start with Rent or Mortgage Payments. Click the blue box next to the Rent category saying Work on This.
4. Variable Expenses: Click Next to go to variable expenses like gas, food, child care and utilities. Ask students what expenses utilities, groceries and tuition represent. (*utilities: natural gas, electricity, phone, water, sewer, trash pickup; groceries: food; tuition: school*) Then ask them to think about what a typical month’s utility bill costs them and to enter that amount. If they have several utility bills (e.g., a phone bill, an electric bill, a water bill, etc.), have them use the electric / natural gas bill. Ask them to do the same for child care and groceries.
5. Explain how to add new categories using the “+add” boxes, then have them propose a new category and enter the new category plus its monthly cost.
6. At the end of both the fixed and variable expenses, a color-coded pie graph is generated showing where their money is spent.
 - Ask students where the majority of their money goes.
 - Ask which things are not essential and can be reduced.
7. Click Save / Next to see the second graph, which compares income to spending. In some cases, people spend more than they make. Ask students:
 - If they are saving.
 - If they are overspending.
 - For suggestions on how to save and how to spend less.

Activity 2 – Tracking Expenses

1. On the class computer screen, open the page that has a printable weekly spending tracking sheet (http://www.thebeehive.org/sites/default/files/Track_Your_Expenses_by_Hand.pdf). Give students time to review the 20 categories of monthly expenses in the checklist. Ask them to roughly estimate how much they think they spend in a week on gasoline, coffee, dinner out and going to the movies. Enter some of the amounts suggested.
2. Introduce the topic of reducing variable expenses. Ask the class which expenses are easier to cut: rent or coffee or snacks at school? List some variable expenses on the board (e.g., *gas, textbooks, school supplies, coffee, lunch, cell phone plan, groceries, toiletries, household cleaning products, cable television, clothes, furniture*) and ask: “How can you spend less on these? What can you do differently?”
3. For grammar practice with the English modals *can, could, might, should* and *must*, write sample sentences using these modals on the board or computer screen. Be sure at least one of the sentences contains an error. (e.g., *Carlos **cans** spend less on coffee. Carlos **will can** spend less on coffee.*) Ask students to find any errors.

Explain that these words are not regular verbs, but modals. In modals, third person singular does not need a final “s,” and future tense is not made by adding “will” to “can,” but rather it is formed with the construction “will be able.”

Rank the strength of the modals in terms of something being a possibility and something being absolutely required. Draw a horizontal line with an arrow at each end to represent the continuum from things that are possible to things that are required. Put little slashes in the long line and elicit which words mean “you can,” “it’s your choice” and “maybe.” Write those modals at the POSSIBILITY end of the continuum. Ask which words mean something is absolutely required, you have no choice. Write those words at the REQUIRED end of the continuum.



Ask students to write five sentences, each one with a different modal, about how they could reduce their variable expenses. Model on the board as below if necessary.

I might _____
I could _____
I can _____
I should _____ (a good idea)
I must _____ (really important)

Collect their writing and read three or four sentences aloud to the class without identifying the authors. If there are any grammar errors involving the modals, stop and copy that part on the board to see if they catch it and can correct it.

Homework

Explain to the class that for homework, over the next four weeks they will be asked to record their spending. They must save all receipts and record all spending.

Activity 3 – Cashing Paychecks

1. Direct students to <http://www.thebeehive.org/money>. Have them click Understanding Check Cashing, which they will find under Spend It.
Ask:
 - Are there any check cashing centers in your neighborhood?
 - Why do people go there?
 - Do you know how much (what percentage) of their check the center takes each time they cash a check?
 - If you cash your check at a bank where you have an account, what percentage does the bank take?
2. Distribute printed copies of the article “Understanding Check Cashing and Payday Loans.” Allow students five minutes to read the article—ask them to underline unfamiliar vocabulary and take notes in the margins while they read.
3. Initiate a group discussion of the key issues in the article.
 - What is a *money order*?
 - Why do people get money orders?
 - How much do check cashing centers charge to issue a money order?
 - What is a *payday advance* or *payday loan*?
 - Is it a payday advance a good idea?
 - What are *loan fees*?
 - What does it mean to *pay off* a loan?
 - Do most people who get a payday advance pay off their advance that same month?

4. Return to the main page of www.thebeehive.org/money and have students click Open a Bank Account, which they will find under Saving Your Money.

Ask students to raise their hand if they have a bank account and if it cost them money to open it. Then ask these general questions of the class:

- Why is having a bank account safer than some other places you might keep your money?
- Why is it more convenient?
- Why is it cheaper?
- Why is it good to carry less cash in your wallet?

Review

Invite students to discuss what they have learned from the day's activities. Have the exercises been useful? What will they take away?

DAY THREE: Checking Accounts and Savings Accounts

1. Warm-Up

Explore students' background knowledge by asking:

- What is the difference between a checking account and a savings account?
- Which one do you need to write a rent check?
- Can you use either one to deposit a check?
- Which one is good if you will keep your money there many years? Why?

2. Reading and Vocabulary

Distribute a printed copy of the article <http://www.thebeehive.org/money/save-it/open-bank-account/questions-ask-opening-new-bank-account> so that they can underline vocabulary and write notes in the margins while they read. Check if they know the meaning of these key words and phrases before they read:

- account that pays interest
- interest rate
- minimum balance
- bouncing a check
- insufficient funds
- branch
- ATM
- direct deposit
- online banking
- loan

3. Oral Research Project

Explain to students that they will have a week to prepare a short oral report on a real bank near their house or job. They can ask either a family member or a friend who has an account there or they can go to the bank and talk to someone who works there. On Day Five, they will report their findings and offer their opinion about whether they would want to open an account at that bank and why or why not.

The students can use the following list of questions, from www.thebeehive.org, when conducting their surveys:

- Do you offer free checking accounts?
- Do you offer free savings accounts with interest? What is the interest rate?
- Is there a minimum amount to open a checking or savings account, and do I have to keep a minimum monthly balance in there?
- Do you offer free checks and any kind of protection for bouncing a check? What is your fee for bouncing a check or having insufficient funds?
- Where are you located, and do you have other branches nearby? What are your hours?
- Does your branch speak languages other than English?
- Where are your closest ATMs, and is there a fee to use them? Is there a fee to use other ATMs?
- Do you offer a debit or credit card with checking accounts? Are there fees with those cards?
- Do you offer free direct deposit?
- Do you offer free online banking?
- Do you offer car or home loans?

DAY FOUR: Activity 1 – Mortgage and Rent Calculator

1. Ask students to visit <http://www.thebeehive.org/housing> and below the photo of a chalk drawing of a house on the right side, click the blue Learn More link under the heading Mortgage and Rent Calculator.
2. Invite them to enter an amount for a monthly income, like \$3,000, and watch as the recommended maximum rent is calculated. It will most likely shock the students. Ask if they want to enter a different monthly income number.
3. It is quite possible that most of the class is spending more than 30 percent of their monthly income on rent or a mortgage. Suggest they click the link “find housing that you can afford,” which they will find on that same page, then on the Affordable Housing page, they should click the link “information about public housing.”

4. A link to the U.S. Department of Housing and Urban Development website will come up. On the left side in the red column, ask students to click Homes, then Renting. On the Renting page, they should click the red link “Search for an apartment.” A page titled “Low-rent apartment search” will appear, which enables searching by state and city. The search offers immediate results that show subsidized apartments in the area selected, complete with phone numbers and names of the property managers.
5. Review with students how much of their monthly income they think they should spend on housing.

Activity 2 – Home Loans and Monthly Mortgages

1. Return to www.thebeehive.org/housing and ask students to look for How to Buy in the left column and to click **What to Look Out For**. If they think they are ready to buy a home, point out that the same 30 percent rule applies to the amount of your monthly mortgage expense.
2. There are good loans and bad loans. Direct students to the article “Avoid Predatory Lending” (<http://www.thebeehive.org/housing/how-buy/what-look-out/predatory-lending>). This article explains how to distinguish between good and bad loans. To ensure students understand the vocabulary in the list below, discuss each term with the class.
 - What is a *predator*? (Tip: Usually it is a kind of animal.)
 - What is a *lender*?
 - What is a *foreclosure*?
 - Are there more or fewer foreclosures happening this year than were happening five years ago?

Activity 3 – Role-Playing: Spotting a Bad Loan Offer

1. Have students break into groups of three. Two students should pretend to be a couple buying a house together. The third student will pretend to be a predatory lender offering a bad loan. Ask them to prepare a one-minute skit that they will present to the class.
2. Assign two different dishonest tricks from the article “Avoid Predatory Lending” to each group to include in their skit. (*#1 and #3, #2 and #4, #3 and #5, and so on*)
3. Model the kinds of questions they should ask and statements they should make in this situation. (*For example, “Why do I need to refinance in two years? What does that mean?” “I need some time to think about it.”*)
4. After each skit, the audience must identify which tricks the lender was using.

Activity 4 – Different Types of Home Loans

Have the students scan the loan descriptions at <http://www.thebeehive.org/housing/how-buy/learn-about-types-loans>, then ask them:

- Which loan is the safest kind for a first-time buyer?
- Which kinds are not as safe? Why?
- How many years does it take to finish paying back a home loan?

Review

Invite students to discuss what they have learned from these exercises. Have the exercises been useful? What will they take away?

DAY FIVE: Understanding Credit Cards

Activity 1 – Warm-Up

Before they start to read about credit cards, ask the class if they know basic terms and understand the system.

- What is a debit card? (*ATM card*)
- What is a credit card?
- What is *interest* that you pay?
- Do credit card companies like Visa or MasterCard make more money from people who pay all their *balance* each month or people who pay only a little?
- Do the credit card companies make more money off people who pay on time or who pay late?
- What kinds of tricks do the card companies play to get people to open a new credit card account with them?

Activity 2 – Reading and Comprehension

Distribute copies of the *Parade* article “Don’t Get Clobbered by Credit Cards!” (<http://www.parade.com/hot-topics/0808/dont-get-clobbered-by-credit-cards>). Ask students to read the article, then as a class discuss the meaning of the following:

1. “Credit-card companies try to lure the young and financially unstable.”
2. “During the first quarter of 2008, for example, 30% of credit-card mailings were specifically targeted to customers who already were steeped in debt ...”
3. “Companies often add new fees and policies after customers already have signed up. They inform cardholders of these changes with impossible-to-understand notices in tiny print.”
4. “Your mailbox is probably filled with offers of alluring low-interest credit cards—3%, 2%, 0%. These rates are usually just come-ons, and they may jump to as high as 30%.”
5. “Going above your credit limit may trigger the biggest penalty of all, leading to rates of more than 30% a year.”
6. Do you have a credit card? If so, did any of these things ever happen to you?
 - Misleading introductory rates
 - Interest rate raised without warning
 - Due date changes
 - Extra charges and penalties

Activity 3 – Quiz on Financial Terms and Ways to Stay out of Debt

Distribute copies of this quiz and allow students 30 minutes to complete it. They may refer to their notes but not talk to each other.

DIRECTIONS: CIRCLE THE CORRECT DEFINITION OF THE WORD IN BOLD PRINT.

Part 1: Multiple Choice Vocabulary Questions

1. Income
 - a. the money you spend each month
 - b. all the money you earn each month
 - c. money you borrow from a bank

2. A loan
 - a. the money you spend each month
 - b. all the money you earn each month
 - c. money you borrow from a bank

3. Expenses
 - a. the money you spend each month
 - b. all the money you earn each month
 - c. money you borrow from a bank

4. Debt
 - a. money a bank lends you
 - b. any money that owe to banks, credit cards or people
 - c. the money you make from your job each month

5. Mortgage
 - a. the amount of money you owe a credit card company
 - b. the amount of extra money you owe the bank for a loan
 - c. the money you borrowed from a bank to buy a house

6. Interest
 - a. the whole amount of money that you owe the credit card company
 - b. the extra money that a credit card company charges because they lent you money
 - c. the minimum amount you pay on your credit card each month

7. Penalty
 - a. more money you need to pay because you were late
 - b. the balance that you still need to pay back
 - c. the interest rate

8. To pay off
 - a. to pay only the minimum each month
 - b. to finish paying all you owe
 - c. to pay late

9. To owe
 - a. to have debt
 - b. to lend
 - c. to pay back

10. To lend
 - a. to borrow
 - b. to give someone a loan
 - c. to owe

11. Pay stubs
 - a. your expenses
 - b. the receipts from your paychecks
 - c. the monthly credit card billing statements

12. To approve a loan
 - a. when a bank says “yes” to your application for a loan
 - b. when you apply for a loan
 - c. when you are late paying your mortgage

13. Home equity
 - a. the value of your home today
 - b. the price that you paid for your house five years ago
 - c. the mortgage

Part 2: Short-Answer Questions

- What do credit card companies do to make new people want a credit card?
- What do credit card companies do when you are late paying a bill?
- Which of your expenses are variable and which are fixed?
- What are some signs that maybe a mortgage loan is a dangerous one?

Activity 4 – Oral Reports on a Local Bank’s Services and Fees

Ask individual students to share the results of their survey on a bank in their area with the class. Ask them to stand so that everyone can hear them. They should end with their personal opinion about whether they would open an account there and why or why not.

Review

Invite students to discuss what they have learned from these activities. Have the exercises been useful? What will they take away?

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SURVEY: KQED would love to hear from you.

Send results to MEINHORN@KQED.ORG

Just tell us which lesson/activity you used and tally the total number of correct responses pre and post lessons/activities.

Financial Literacy Unit for English Language Learners

“Lesson 1: The Economy and Your Monthly Budget”

Pre- and Post-Assessment Questionnaire

DIRECTIONS: CIRCLE THE CORRECT ANSWER

1. Income
 - a. the money you spend each month
 - b. all the money you earn each month
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2. A loan
 - a. the money you spend each month
 - b. all the money you earn each month
 - c. money you borrow from a bank

3. Expenses
 - a. the money you spend each month
 - b. all the money you earn each month
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4. Debt
 - a. money a bank lends you
 - b. any money that you owe to banks, credit cards or people
 - c. the money you make from your job each month

5. Mortgage
 - a. the amount of money you owe a credit card company
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