

October 2008
The Ultimate Consumer Challenge



FINANCE

10 LifeSmart Ways to promote financial literacy with teens.

1. Define & discuss basic finance vocabulary. (Check out the basic credit vocabulary featured on page 2.)
2. Examine sample credit card offers & promotions.
3. Research the Schumer Box.
4. Analyze ads from a payday loan company.
5. Estimate the cost of the first year living independently from parents.
6. Distinguish between fixed & flexible expenses; need & wants.
7. Examine all the costs of owning & operating a vehicle.
8. Understand the differences between credit & debit cards.
9. Contrast APR to APY.
10. Explain the concept of opportunity cost to a friend.

The focus of this month's newsletter is personal finance. It has been in the news daily this past month; front and center in the minds of American families. Teenagers can benefit by learning the concepts fundamental to financial literacy, as well as the vocabulary associated with money matters. This knowledge enables them to better understand what they are reading and hearing in the news and to begin to establish spending and saving habits that support their personal goals. Financial planning is a life long process, and it is never too early to start.

National Financial Literacy Challenge

The United States Department of the Treasury's Office of Financial Education introduced a new competition for high school students in the spring of 2008 titled *The National Financial Literacy Challenge*. A second competition is scheduled for November 3-26, 2008.

This is an ideal opportunity for LifeSmarts coaches to encourage their high school students to participate in an online competition where students match their money smarts with other teenagers across the United States. Students will be awarded certificates of participation and those who score at the exceptional level will receive the 2008 National Financial Literacy Challenge Medal.

This competition, not linked to any specific financial literacy curriculum or program, is correlated with the Jump\$tart Personal Financial Literacy national standards.

LifeSmarts coaches and teams can use this opportunity to learn more about personal finance and to practice competition skills. You can find additional information about the challenge and registration information at —<http://flc.treas.gov/index.htm>

Not only can LifeSmarts participants receive recognition, but the competition also includes scholarship opportunities.



Free learning resources about money:

Practical Money Skills for Life by VISA. This Website has it all; games, lessons, and student activities. There are also lessons adapted for special needs.

<http://www.practicalmoneyskills.com/english/index.php>

These online tutorials sponsored by Consumer Action & Capital One review financial literacy basics.

<http://www.capitalone.com/financialeducation/cbt/main.htm?lang=e&m1=tab1&m2=tab2&m3=tab3&m4=tab4&m5=tab5>

COMPETITION DEADLINES—

New Jersey online LifeSmarts competition ends November 17, 2008

Hawaii online LifeSmarts competition ends December 7, 2008

LifeSmarts Financial Literacy Vocabulary—Focus Credit



their meaning in the context of finance and the daily news.

This vocabulary list is a basic overview of terms and concepts to use with students when talking or studying about the uses and abuses of credit and when preparing for LifeSmarts competition.

A fundamental understanding of credit vocabulary is a good first step in teaching and learning about managing money. Students often see these words, but may not fully understand

their meaning in the context of finance and the daily news.

20/10 rule
3-C's
annual fee
APR
bankruptcy
capacity
capital
character
closed credit
collateral
consolidation
co-sign
credit bureau
credit counseling
credit limit
credit report
default
delinquent

disclosure
down payment
escrow service
FCBA
FCRA
fee
FICO score
finance charge
finance company
grace period
installment
interest
line of credit
minimum payment
open credit
pawnbroker
payday loan

predatory lending
prime rate
principal
repossession
revolving
Schumer box
secured
service credit
simple interest
TILA
transaction fees
universal credit
card
unsecured
usury laws

More New Challenge Questions

Last month we told you the questions format was expanding and that we would continue to provide sample questions to use with your team. Here are some additional examples for you and your students. You may find it helpful to deconstruct the questions and analyze the answers.

Example #1— If data collection, FICO scores, free annual reports, are all functions—what is the businesses?
Credit Reporting Agencies (CRA), credit bureaus

Example #2—Why is the Schumer box an important consumer tool?
It summarizes the cost of credit; it outlines the fees for credit cards; it allows consumers to compare credit costs

Example #3—If identifying information, credit history, public records, and inquiries are the four basic sections—what is this important financial document?
Credit report

Example #4—One of the advantages frequently associated with using a credit card is that the appropriate use of credit can improve your credit rating. Explain this concept.
Using credit wisely, paying your bills on time and paying more than the minimum balance all result in a positive credit score.



The LifeSmarts Instructor— Using the Daily Quizzes

A five-question quiz that focuses on one LifeSmarts topic is available daily for any coach or participant who would like to use this tool.

Go to: <http://start.lifesmarts.org>, and click on the “DAILY QUIZ” button. You need not be registered to use the daily quiz, and the topics change each day during the week. If you would like to use an additional

quiz, just click the refresh button on the 2009 Varsity Homepage, and a new set of questions will appear. Once you have completed the quiz with your team, you can review the correct answers just by clicking on your “scorecard.”

Daily quizzes are an easy way to begin class or start team practices.