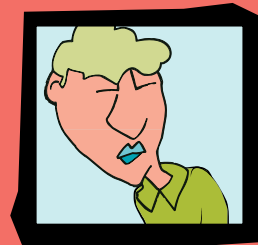
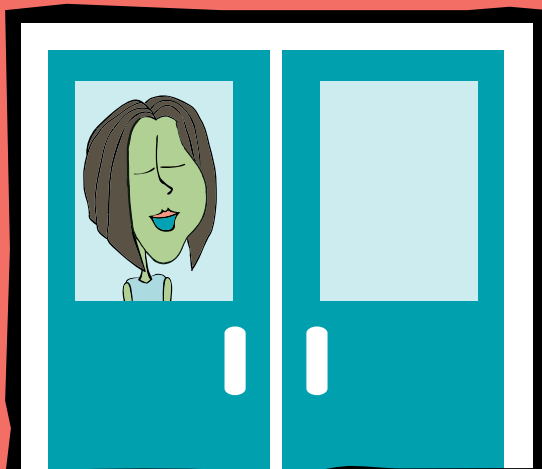
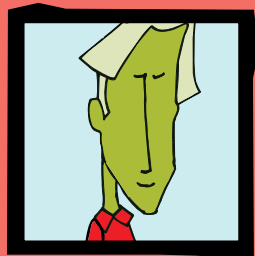




# Building Wealth

**IN THE CLASSROOM**



FEDERAL RESERVE BANK OF DALLAS  
Economic Education  
[www.dallasfed.org](http://www.dallasfed.org)

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### Preface

### Personal Finance Education in Texas

#### Lesson 1 Budget to Save: What Does It Mean to Be Wealthy?

##### Description

In an introductory brainstorming activity, students are challenged to define wealth and recognize the personal nature of the definitions. A basic balance sheet is introduced to concretely measure financial wealth, and students create balance sheets for fictitious characters. Finally, students compare assets that grow in value with assets that depreciate over time and complete an activity based on the assets and liabilities of a hypothetical teenager.

#### Lesson 2 Budget to Save: Developing a Budget

##### Description

In the weeks prior to the start of the unit, students track their expenditures during a two-week period. In class, students create a group presentation about personal and financial goals. Individually, students identify four personal goals and describe the related financial goals. With financial goals in mind, students work in pairs to complete a budget analysis for a fictitious high school senior who needs to save money for prom. The lesson concludes with a personal budget development activity that uses the information on expenditures that was collected during the two-week data gathering period.

#### Lesson 3 Save and Invest: The Power of Interest

##### Description

This lesson defines the concept of interest as the fee for the use of money over time. Students differentiate between simple and compound interest and use the Rule of 72 to estimate the length of time required for savings to double in value.

#### Lesson 4 Save and Invest: Put It in the Bank

##### Description

Students read a passage on “Banking Basics” and assess the role of banks as financial intermediaries that bring together savers and borrowers. After learning about different account types, students research information about various products from a bank and design a poster that shows the benefits and drawbacks of various accounts.

## Lesson 5 Save and Invest: Stocks—Owning Part of a Company

### Description

This lesson introduces students to information and basic concepts about the stock market. In a bingo game, students become aware of the wide variety of companies that are publicly traded and are included in the Dow Jones Industrial Average. After reading a short selection from *Building Wealth*, components of a typical stock market table are discussed, and students work in pairs to analyze data from a fictitious stock market table. Outside of class, students research companies from the Dow Jones Industrials to create “Investor Information Sheets” that organize and analyze information about the companies.

## Lesson 6 Save and Invest: Bonds—Lending Your Money

### Description

This lesson introduces bonds as an investment option. Using a series of classroom visuals, students will identify the three main parts of a bond and describe why a bond might sell at a price different from its stated price. After learning the formulas for market price and bond yield, students will complete a case study about a fictional company.

## Lesson 7 Save and Invest: An Entrepreneurial Spirit

### Description

In this lesson, the introduction describes the four types of productive resources and identifies the unique contributions of the entrepreneur in the productive process. Working in groups, students assume the role of an entrepreneur. They create a new product or service and a marketing plan. Each group presents its idea to the class, followed by class discussion of the likelihood of its success. Students complete a graphic organizer about the creativity and assumed risks of their fellow students’ ideas and discuss the role of government in providing competitive markets and property rights. The lesson concludes with an out-of-class assignment to interview a local entrepreneur and write a report about the creativity and risk taking seen during the interview.

## Lesson 8 Save and Invest: The Rise and Fall of Risk and Return

### Description

This lesson begins with a brainstorming session in which students identify the risks involved in playing sports or driving a car. From these responses, the concept of risk is defined as the possibility of a loss or injury. After narrowing the discussion to the concept of financial risk, the possibility of a monetary loss, students work in pairs to analyze case studies to identify the risk factors faced by saver or investor. The lesson concludes with a chart that allows students to evaluate various financial assets for the potential risks and rewards.

## Lesson 9 Take Control of Debt: Use Credit Wisely

### Description

In this lesson, students review the balance sheet (Lesson 1) and the budget worksheet (Lesson 2) and consider ways to use these two documents to analyze a decision to use credit. Working in pairs, students analyze a borrowing scenario and evaluate the wisdom of using credit in the situation.

## Lesson 10 Take Control of Debt: Do Your (Credit) Homework

### Description

In this lesson, students will shop for a loan, choosing from five fictitious credit offers. They will use a chart to record information about the terms of the various offers and will evaluate the terms of each credit option.

## Lesson 11 Take Control of Debt: Are You Creditworthy? Check Your Credit Report

### Description

Students take on the role of lender in the introduction to this lesson as they consider the information that they would require before loaning various items to other people. The Three C's of Credit are introduced as a method of classifying information about borrowers, and the students read a selection and complete a graphic organizer about a borrower's information. After discussing the difference between credit reports and credit scores, students work in pairs to analyze a fictitious credit report. At the conclusion of the lesson, students are asked to create a brochure that describes ways to improve a borrower's credit report.

## Lesson 12 Take Control of Debt: Not All Loans Are the Same

### Description

This lesson examines the features of a loan with a fixed period of repayment (term loan). After distinguishing these loans from revolving credit, students compare the benefits and costs of term loans with different interest rates and term lengths. Outside of class, students research the terms of an auto loan and compute financing costs and payment amounts using online resources.

## Lesson 13 Take Control of Debt: Become a Savvy Borrower

### Description

After reviewing the difference between term loans and revolving credit, students analyze a fictitious character's use of credit to calculate the amount of interest the borrower paid. As a class, students will discuss the components of a disclosure form from a credit offer and brainstorm ways to minimize the cost of credit. Outside of class, students will research the terms of various revolving credit offers.

## Assessment Activities

### Description

This section features assessment activities over the three main topics covered in *Building Wealth*.

**Budget to Save Assessment**  
**Save and Invest Assessment**  
**Take Control of Debt Assessment**

## Preface

*Building Wealth* is a personal finance education resource that can be used individually or in the classroom to help young people develop a plan for building personal wealth. It contains information about budgeting, saving and investing, controlling debt, and protecting wealth with insurance. *Building Wealth* has been used in a wide variety of settings, reaching a diverse audience of more than one million people.

Three *Building Wealth* resources are available from the Federal Reserve Bank of Dallas.

- The revised and expanded print edition of *Building Wealth* is available in English and Spanish.
- An interactive CD-ROM highlights important personal finance concepts with animated characters from the print edition. It also contains introductory remarks that feature Ben Bernanke, chairman of the Board of Governors of the Federal Reserve System, and Richard Fisher, president of the Federal Reserve Bank of Dallas.
- *Building Wealth in the Classroom* is a collection of lesson plans designed to accompany the other resources and facilitate their use in high school classes. The lessons use a variety of instructional techniques and include student activities, handouts and presentation visuals. The time required for each lesson may vary depending on the instructor's use of materials.

## Ordering Materials

Teachers can order the following materials at [dallasfed.org/educate/pubs/wealth.cfm](http://dallasfed.org/educate/pubs/wealth.cfm) or by calling 1-800-333-4460, extension 25254:

- *Building Wealth* print edition in English or Spanish (available as a classroom set of 45 copies)
- *Building Wealth* interactive CD-ROM
- *Building Wealth in the Classroom* CD-ROM

Lesson 7 uses another Dallas Fed publication, *Everyday Economics: Entrepreneurs and the Economy*. It is available to order or download at [dallasfed.org/educate/everyday/](http://dallasfed.org/educate/everyday/).

Visit [dallasfed.org/educate/](http://dallasfed.org/educate/) to find the latest information about economic education at the Federal Reserve Bank of Dallas.

