## Paying for My Wants and Needs

## Introduction

This session enables students to make better choices related to credit. They learn about different ways of paying for goods and services, and the advantages and drawbacks of each.

## Session at a Glance

## Big Ideas

- There are many ways to pay for things, and each has its pros and cons.
- It's important to keep track of all payments as well as any fees charged.
- Paying with credit will cost more unless the bill is paid in full each month.


## Learning Organizer

The following activities are included in this session. These facilitation instructions include detailed instructions for facilitating all activities.

Learning Outline

| Activity Overview | Objectives | Materials | Time |
| :--- | :--- | :--- | :---: |
| Warm-Up: Pay Out <br> Students discuss all the <br> different ways to pay for needs <br> and wants. | N/A | Onscreen Presentation: Paying <br> for My Wants and Needs <br> Student Activity: Paying for My <br> Wants and Needs | 5 minutes |
| Ways to Pay <br> Students learn about different <br> payment methods for different <br> kinds of purchases. | - Describe ways to pay for <br> everyday goods and services. | Onscreen Presentation: Paying <br> for My Wants and Needs <br> Student Activity: Paying for My <br> Wants and Needs | 20 minutes |
| Pay Smart <br> Students explore smart buying <br> decisions and some of the <br> costs associated with credit <br> payments. | - Identify the differences <br> between debit (paying now) <br> and credit (paying in the <br> future, plus interest). | Onscreen Presentation: Paying <br> for My Wants and Needs <br> Student Activity: Paying for My <br> Wants and Needs | 15 minutes |
| Wrap-Up: Be Smart <br> Students review the big ideas <br> from the session and reflect on <br> their learning. | N/A | Onscreen Presentation: Paying <br> for My Wants and Needs | 5 minutes |

## Preparation and Materials

Before the session, do the following:
$\square$ Access and review the session materials from JA Connect ${ }^{\text {TM }}$ Learning Platform, including the onscreen presentation and student materials.

- Click-through the onscreen presentation; practice navigating and using the interactive features; open and preview any videos or Web resources.
- Become familiar with the key terms defined in the session.
$\square$ Prepare to give students digital access to (recommended) or copies of the student materials.
$\square$ Consider preparing a story to share with students about transitioning from a traditional bank account to online banking or a mobile app, or the first time using a payment system rather than writing a check (e.g., PayPal or a debit card).


## Materials Guide for This Session

Teacher/Volunteer Materials

| Materials | In-person, <br> face-to-face | Remote <br> virtual |
| :--- | :---: | :---: |
| Guide for Volunteers and Teachers: Paying for <br> My Wants and Needs (Printable) <br> (This document) Session information, setup, <br> and talking points for volunteers or teachers to <br> implement the session in a printable format |  |  |
| Guide for Volunteers and Teachers: Paying for <br> My Wants and Needs (Digital) <br> Session information, setup, and talking points for <br> volunteers or teachers to implement the session <br> in a digital format - designed for any device and <br> "second screen" use |  |  |
| Onscreen Presentation: Paying for My Wants <br> and Needs <br> Instructional content in interactive slides designed <br> for volunteers or teachers to project or share <br> onscreen |  |  |

Student Materials

| Materials | Downloadable <br> document | Fillable <br> document |
| :--- | :---: | :---: |
| Student Activity: Paying for My Wants and <br> Needs <br> Digital handout for students to write notes and <br> complete activities |  |  |

## Facilitation Instructions

Use the following talking points and instructions to help you implement the session and facilitate student learning.

## Facilitation Tip

If you will be leading a virtual session, share your expectations for participation with students before you begin, including your rules for using audio, chat, and webcam features.

Facilitation Tip
You may ask students to share what big ideas they remember from any previous sessions they have completed from this program.

## Paying for Needs and Wants



Objectives
Onscreen Presentation Slides


1. Welcome students to the session. Tell them that, in this session, they will be learning about the pros and cons of different payment methods and ways to make smart buying decisions.
2. Briefly review the objectives for this session with students:

- Describe ways to pay for everyday goods and services.
- Identify the differences between debit (paying now) and credit (paying in the future, plus interest).

3. Direct students to the Student Activity: Paying for My Wants and Needs and ask them to download and save the document with a new file name. They will use the student activity file to take notes and demonstrate their learning.

## Paying for Needs and Wants

1. Ask students to share the very last thing they bought (big or small) and how they paid for it (e.g., cash, debit card).
2. Remind students of the difference between needs and wants:

- Needs are things you can't live without, like food, health care, and shelter.
- Wants are things that you can live without but make your life better, like going to the movies, eating out, and having a cell phone.
?. How do you think people pay for their needs and wants? Answers will vary but may include: have parents or guardians who pay for them; earn money to pay for them; go without wants.
? How many ways can you think of to pay for things?
Answers will vary but may include: cash, check, bank/certified check, money order, credit card, debit card, payment app, digital wallet, electronic transfer from a bank account, cryptocurrency, barter, in-app purchase.

3. Remind students that methods of payment have changed over the years. Today there are new ways to pay for things that did not exist when their parents or guardians were their age.
$\square$ If you wish, share a brief story about getting your first bank account, transitioning from a traditional bank account to online banking or a mobile app, or your first time using a payment system rather than writing a check (e.g., PayPal or a debit card).

4. Ask student volunteers to explain the key terms debit and credit in their own words. Then define the key terms, as needed.

- debit: an amount deducted from a bank account
- credit: the ability to buy goods or services before paying for them, based on an agreement to pay later
... Debit payments use your own money, while credit means you're borrowing from a bank, credit card company, or other finance company.

3. Have students determine whether each payment method is a debit payment or a credit payment in the drag-and-drop activity. Note that a payment app can be used for both debit and credit payments.

Your Money (Debit): cash, check, gift card, debit card, payment app (tied to a bank account or app's cash balance)
The Bank's Money (Credit): loan, payment app (tied to a credit card), digital wallet, credit card

Facilitation Tip The Student Activity: Paying for My Wants and Needs provides this session's key terms and a space for students to write the definitions.


## Debit Payment Methods


, mevestio we


1.

## Facilitation Tip

Consider asking students to guess the pros and cons for each type of method before it is revealed.
4. Point out that using your own money means you are spending what is available to you and not going into debt to purchase something.
... Borrowing to buy something can seem convenient but can end up costing you more.

## Pros and Cons of Debit Payment Methods

1. Explore the pros and cons of the four debit payment methods: cash, checks, debit cards, and gift cards. If you wish, and if it is relevant to students, note that food stamps and EBT cards work like prepaid debit cards.
2. Pause to review the definition for the key term debit card, as needed.

- debit card: a card that pays for a purchase directly from a checking account

3. Encourage students to take notes about some of the pros and cons in their Student Activity: Paying for My Wants and Needs.
4. Discuss debit payment methods using the following questions:
? What are some pros and cons of debit payment methods that you didn't know before?
Accept all answers.
?. Which forms of payment do you think are being used less than they used to be?
cash and checks
? What do you think are the most popular methods of debit payments?
debit cards
?. Why do you think cash and checks are declining and debit cards are so popular?
Answers will vary but may include: online shopping; ease of use from not having to carry cash or write checks; automatic tracking of payments (not available with cash); instant payment (not available with checks); many places don't accept checks anymore because of money lost to people who didn't have enough money in their account when the store tried to get paid.


> Facilitation Tip
> Consider offering examples of current payment methods relevant to your region. For example, payment apps and digital wallets such as Apple Pay, CashApp, Google Pay, Venmo, PayPal, Zelle, Masterpass, and Visa Checkout.

## Pros and Cons of Credit Payment Methods

1. Explore the pros and cons of the four credit payment methods: credit cards, payment apps, digital wallets, and loans.
2. Pause to review the definitions for the key terms as they appear in the list of pros and cons.

- credit card: a card that allows users to make purchases through a limited personal loan, with the expectation that the money will be repaid at a later date, often with interest
- payment app: a method of transferring money to a company, person, or bank online or through a mobile device
- digital wallet: a mobile system that includes a payment app and stores a user's financial data from multiple sources so it can be used for payments
- loan: money borrowed that must be repaid, usually with interest

3. Encourage students to take notes about some of the pros and cons in their Student Activity: Paying for My Wants and Needs.
4. Discuss credit payment methods using the following questions:
?. What are some pros and cons of credit payment methods that you didn't know before?
Accept all answers.
? What are some pros to using credit payment methods to make purchases?

Answers will vary but may include: Credit card companies pay for the purchases until you pay them back; there are no finance charges if repaid in full and on time; they have strong theft and fraud protection; using them can help build your credit rating; some have rewards (e.g., cash back, discounts on travel).
? What are some cons to using credit payment methods to make purchases?
Answers will vary but may include: It can be expensive due to finance charges; it can lead to overspending; you're taking a chance that you'll have money later to pay for things you're buying today.

## TIME PERMITTING



## How Do You Pay? Game

1. Tell students they will play a game where they will get to test their knowledge of different payment methods.
2. Explain that they may refer to their notes on their Student Activity: Paying for My Wants and Needs if they wish.

## Facilitation Options

- In-person, face-to-face: Group students in teams. The first team to raise their hands gets to answer the question. Task a student to tally the correct answers for each team.
- Remote virtual: Keep students together as a whole class. Decide whether you will call on individual students to answer the questions, have students call out the answers, or have students discuss their answers until the whole class agrees.

3. Play the game and congratulate the winner(s).

## How Do You Pay? Answers

1. Which payment method would you use to buy a car or house?
loan
2. Which payment methods offer rewards?
credit card, payment app, debit card
3. Which payment method cannot be used to shop online?
cash
4. Which payment methods can be used in fewer places today than in the past?
check, cash
5. Which payment method can include multiple other payment methods in it?
digital wallet, payment app
6. Which payment method has no age limit on its use?
cash
7. Which payment methods can help build your credit rating if you use them responsibly?
credit card, loan
8. Which payment method may offer a budgeting feature and spending alerts?
digital wallet
9. Which payment methods could lead to an overdraft? check, debit card
10. Which payment methods need a mobile phone to use?
payment app, digital wallet
11. Which payment method may charge an annual fee? credit card
12. Which payment methods might require a really good credit background to qualify?
credit card, loan
13. Which non-cash payment method makes payments that cannot be reversed?
payment app
14. Which payment methods require enough money in the bank to cover a purchase?
check, debit card, payment app (if used as a debit card)
15. Which payment methods may offer identity theft protection? debit card, digital wallet, credit card

## Take a Break

Provide students with a quick stretch and brain break with the fun fact.


## Ivy's Spending Decision

1. Tell students that part of managing money and making smart buying decisions is tracking your spending.
2. Review the Ivy's Spending Decision scenario and how Ivy uses her debit card.
?. Did Ivy make smart spending decisions with her debit card? No, Ivy did not make smart spending decisions because she didn't keep track of her spending and didn't plan out her spending so she would have enough money for snacks after school.


## ? What should Ivy have done?

lvy should have set a budget for how she would spend the money on the card. Then she would have managed or tracked her balance and limited her in-app purchases.
3. Note that developing good spending habits with cash and debit cards now will help prepare Ivy to handle credit and debt when she is old enough to get a credit card.

## Smart Spending Decisions

1. Ask students to imagine that Ivy's debit card was tied to a bank account and she used it to buy something that cost more money than she had in the account.
... If Ivy spent more money than she had in her bank account, her account would become overdrawn. Ivy would have an overdraft.
2. Ask student volunteers to explain the key term overdraft in their own words. Then, provide the definition as needed.

- overdraft: a negative balance in a bank account caused by spending more money than was available
? What do you think the bank does when an account is overdrawn?

If an account holder has an account with an overdraft, the bank may charge that person fees. Often the account holder cannot use the debit card until that person pays the money back plus the fees.
... It shouldn't cost you extra to pay for things with your own money. But if you spend more than your account balance with a debit card, you should expect to be charged fees.
... All the debit and credit payment methods require you to be responsible and only spend what you can afford. It's responsible financial behavior to keep track of the money you spend.

## Hidden Costs

1. Tell students that part of managing money and making smart buying decisions is to consider the costs of different payment methods.
? What's the main difference between debit payments and credit payments?
Debit payments come out of your bank account immediately. Credit payment methods involve borrowing money that you'll have to pay for in the future, likely with interest.

2. Remind students that with a credit card, a bank or finance company is loaning the money, and there is a cost to borrowing money.

- Banks charge interest on the loaned money.
- Banks also charge fees on debt that is not paid off on time.

3. Ask student volunteers to define the key term interest in their own words. Then provide the definition, as needed.

- interest: a charge for a loan, including an unpaid credit card balance, usually given as an annual percentage rate (APR)


## Terrell's Spending Decisions

1. Direct students to the Terrell's Spending Decisions section of their Student Activity: Paying for My Wants and Needs.
2. Review the Terrell's Spending Decisions scenario and highlight for students the cost of paying interest and fees on a debt owed.
3. Provide time for students to answer each question on their Student Activity: Paying for My Wants and Needs, and then select Answer to reveal the correct answer.

## Facilitation Options

- In-person, face-to-face: Group students in teams. The first team to raise their hands gets to answer the question. Task a student to tally the correct answers for each team.
- Remote virtual: Keep students together as a whole class.

Decide whether you will call on individual students to answer the questions, have students call out the answers, or have students discuss their answers until the whole class agrees.
4. Ask student volunteers to share their reactions to the actual cost of Terrell's apartment furniture.
? Did Terrell make smart spending decisions with his credit card? Yes, but only if he is able to pay off the full amount owed on time to avoid the interest charges and late payment fees.
? What would be the best way for Terrell to pay for his apartment needs?
cash, debit card, credit card that is paid off in a timely manner

? What is the difference between the total cost if Terrell had saved and paid cash compared with if he paid with a credit card and missed a payment and the 1-year payoff?
The difference in costs is $\$ 239.70$ less for paying in cash.
? Why might it be a good choice for Terrell to use a credit card to purchase his furniture as long as he felt confident that he could pay off the balance within a year?
One pro of using a credit card is it would help Terrell build a good credit rating.
5. Stress to students paying with credit will cost more unless the bill is paid in full each month.
*. Paying with credit will cost more in interest and fees unless the bill is paid in full each month. If you pay a credit card bill late, you'll be charged a fee.


## Big Ideas

Review the big ideas from the session.

- There are many ways to pay for things, and each has its pros and cons.
- It's important to keep track of payments as well as any fees charged.
- Paying with credit will cost more unless the bill is paid in full each month.


## Reflect

Encourage students to reflect on what they have learned in this session by discussing the following questions:

## Facilitation Options

- In-person, face-to-face: Facilitate a discussion using the reflection questions to spark conversation.
- Remote virtual: Assign the reflection questions as a written response for students to complete in the Student Activity: Paying for My Wants and Needs to be submitted.
? Which payment method do you think you will use the most as a teenager based on the pros and cons? Why?
Answers will vary. Listen for students to articulate the pros of their chosen payment method.
?. Which smart buying decisions could you implement today? Answers will vary. Listen for students to choose one of the following smart decisions: tracking your spending, only spending what you can afford, considering the costs of different payment methods, choosing the best payment method for items.



## Save Your Work

Direct students to complete any work. Remind them to save their work with a logical file name in their personal workspace so they can refer back to it later.

## Congratulations!

Congratulate students on finishing the session.

