

Start Small. **Dream BIG!**

Preparing for Your Financial Future



Financial
Literacy
Workbook

**Grades
5–8**



**BANC OF
CALIFORNIA**

TOGETHER WE WIN[®]

CAREER, EDUCATION AND GOALS

Career and Job Opportunities



WHAT IS A CAREER?

As we get older, we are often asked what we want to be “when we grow up.” Your answer might change from day to day as you learn about new and exciting opportunities from the people around you. Maybe your teacher has inspired you to follow in their footsteps in becoming an educator. Perhaps the doctor who helped heal you when you were sick made you want to pursue a career in medicine. But what is a career? And how do we prepare ourselves for one?

Career

The type of work a person pursues for the majority of their life that may involve formal education, special training or be within a specific industry. Examples include the medical, education, business, law and engineering career fields.

Job

A job is a specific duty, task or activity someone completes using his or her time, skills and energy to earn money—for example: a doctor, teacher, business owner/entrepreneur, lawyer or engineer.

Preparing for Your Career

There are many ways to find out which career interests you and what experiences will prepare you for success.

EDUCATION



Many careers begin their journey of learning in school. For example, you can prepare yourself to be a doctor by studying a science or choosing a pre-med route in college to set yourself up for success in medical school.

VOLUNTEERING



A volunteer is someone who donates his or her time and skills without expecting payment in return. Volunteering includes working on independent projects or with a group, organization or business. Volunteer opportunities help you gain new skills, practice existing skills in new ways and learn more about complex issues in the community.

INTERNSHIPS



An internship is your opportunity to apply the knowledge you've gained from your academic studies in a practical workplace setting. Internships may be part of a formal internship program, but many students create their own internships. Research and volunteer positions can both be a form of internship.

JOB SHADOWING



Job shadowing is the opportunity to observe or "shadow" someone doing his or her job. The benefits of a job shadow are obvious: You get a chance to see someone actually doing a job that is of interest to you while seeing inside the workplace.

HOW TO WIN AT BUDGETING

Buying Decisions:



Needs vs. Wants

Needs are things that we need to survive. Some things we **NEED** are nutritious food, water, shelter and clothes.

Wants are things we would like to have. Some things we **WANT** are toys, video games, candy and electronics.

Most people have jobs so they can pay for the things they need and some of the things they want. Deciding what is a need and a want is hard sometimes. A budget can help you decide what you need and what you want.

Here Are Some Important Questions to Ask Yourself When Thinking About Making a Purchase

- DO I NEED IT?
- HOW LONG WILL THE ITEM BE USEFUL?
- AM I BUYING IT BECAUSE MY FRIEND BOUGHT IT?
- AM I BUYING IT TO IMPRESS OTHERS?

Watch Out for Impulse Buying

Impulse buying is the sudden decision to buy something that you didn't plan to buy. Always remember to compare your options before buying and research the products so you know what you're getting.

Types of Goals

People who set goals for themselves and write them down are the most successful at reaching them. Before you can develop financial goals, you must take stock of what your financial values are, or what matters most to you.

Long-Term Goals

Goals that are less pressing and/or take longer to achieve are more likely to be labeled “long-term goals.”

Short-Term Goals

Goals that are very important and/or can be achieved more quickly are more likely to be labeled “short-term goals.”

EXAMPLES OF GOALS YOU MAY HAVE



EDUCATION

School supplies, college tuition, tutoring, technology expenses



CHARITABLE GIVING

Monetary, goods and services donations to charitable organizations



FAMILY

Providing money to family members and/or making family life more comfortable



INVESTMENT

Investing in channels such as stocks, businesses or real estate



ENTERTAINMENT

Entertainment products like a TV, pool or video game system



RETIREMENT

Saving money for a comfortable retirement



TRAVEL

Going on vacation and visiting new places

SAMPLE BUDGET



Income, Expenses and Savings

Income

Income is money that is earned from work, investments and businesses.

Expense

Expense is the amount of money that is needed to pay for or buy something. Expenses are usually paid regularly, such as phone bills and rent. There are multiple types of expenses, such as:

- **Discretionary Expenses:** spending for wants or nonessential items rather than needs
- **Variable Expenses:** expenses that could change month to month based on cost variations due to changing habits
- **Fixed Expenses:** expenses that won't change from month to month—although these could change over a longer period, they will likely not change from month to month

Savings

Savings is the amount of money that is not spent or used.

PURPOSE OF BUDGETING

Budgeting helps you understand what money is coming in and what money is going out so you can better plan to save for your goals.

Budget Tips

Try to fill out your own budget for this month:

Income (money you've received or will receive)	+\$
Expenses (money you've paid or will pay)	-\$
Total	\$
Savings (money you're putting aside for goals)	-\$
Spending Money	\$
Savings you already have	\$
Savings you're adding this month (see row 4)	+\$
TOTAL SAVINGS	\$

Some ways you can earn more income:

- House Cleaning
- Babysitting
- Dog Walking
- House Sitting
- Painting Fences
- Pet Sitting

Some ways you can spend less:

- **Cut Back:** examples include eliminating expenses like going on a vacation
- **Go Cheaper:** examples include buying inexpensive clothing instead of name brands
- **Create New Habits:** examples include walking instead of driving, or eating at home instead of going out to eat

SAVINGS

Why Is Saving Important?

It's important to set savings goals for yourself. These can be short-term goals, such as money you want to save to buy a bicycle or a video game. They can also be long-term goals, such as saving money for your retirement.

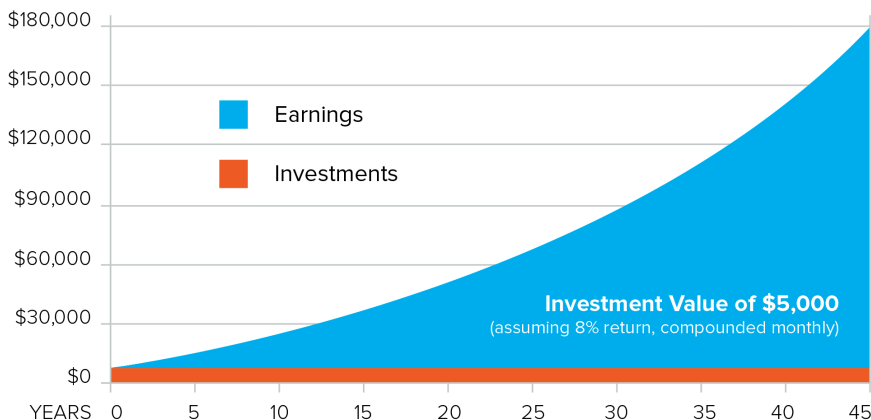
Savings Options

Banks are here to help you save your money in the best way possible. There are several reasons a bank is a better place to save your money:

- Banks are safe. You always know where your money is, and it can't get lost.
- Banks can help you accrue interest on your savings. When you save your money at home, the worth of that money never changes. But when you save your money in a bank, in an account that lets you accrue interest, your money can be worth more as time goes on because of the added interest.

Compounding Interest

By compounding, your money can grow when you keep it in a financial institution that pays interest. Interest is expressed as a percentage and is calculated based on time and the amount of money in your account.



What do you want to save for?

- | | |
|---|--|
| <input type="checkbox"/> College (\$500/Year at Community College to \$56,000/Year at Private 4-Year) | <input type="checkbox"/> Video Game (\$50) |
| <input type="checkbox"/> New Bike (\$150) | <input type="checkbox"/> iPhone (\$600) |
| | <input type="checkbox"/> Car (\$15,000) |

What Is Credit?

Credit

is an agreement to provide goods, services or money in exchange for future payments, with interest by a specific date or according to a specific schedule. Simply put, the use of someone else's money for a fee.

There are many types of credit, but the two most common types are:

- **Installment Loans:** A set amount of money lent to you for a specific purpose.
 - Student Loans
 - Auto Loans
 - Mortgage Loans
- **Revolving Credit:** A line of credit you can keep using after paying it off. You can make purchases with it as long as the balance stays under the credit limit, which can change over time. Credit cards are the most common type of revolving credit.



GOOD CREDIT AND BAD CREDIT

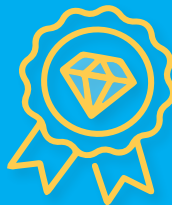


Using Credit

When you get your first credit card, it's important to understand how using it will affect you. Because you pay extra to use credit, and it can affect the price you will pay for more credit in the future, knowing how to use it to your benefit is important as it can save thousands of dollars down the line.

HOW TO BUILD GOOD CREDIT

- Pay your loans, bills and other debts on time. This will show you are responsible with your finances.
- If you have a credit card, try to charge only what you can afford to pay off immediately or very soon.
- Review your credit report for errors.
- Think carefully before you take out new credit cards or loans. Multiple credit inquiries can lower your credit score.



GLOSSARY

BANK: a financial institution and business that accepts deposits, makes loans and handles other financial transactions

BUDGET: a plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time

CAREER: the type of work a person pursues for the majority of their life that may involve formal education, special training or be within a specific industry

CASH FLOW: income and expenses over a given period of time

CREDIT: the ability to borrow money and pay it back later

CREDIT CARD: a plastic card that can be used to obtain credit (such as to purchase goods and services)

DEBT: money that is owed

DISCRETIONARY EXPENSES: money that is not essential to spend; money spent on wants

EARNED INCOME: money you get from working, such as wages, commissions and tips

EXPENSE: the cost of goods and services; the amount of money that is spent

FINANCIAL INSTITUTION: a bank or credit union

FIXED EXPENSE: an expense that does not change from month to month

GOAL: something you wish to achieve or accomplish in a specific amount of time

INCOME: money that you receive from jobs, allowances, gifts, interest, dividends and other sources

INTEREST: money that a bank or other financial institution pays you for keeping money on deposit with them, or the amount of money you pay a bank as a fee when you borrow money

INVEST: to put money at risk with the goal of making a profit in the future

INVESTMENT VEHICLES: the methods a person (or business) can use to invest money

JOB: a specific duty, task, or activity someone completes using his or her time, skills and energy to earn money

NEED: something you must have to survive, such as clothes, shelter or food

RETURN: money made (profit) from an investment

SAVE: setting money aside to use in the future

SAVINGS ACCOUNT: a bank account you can use to set aside money, and that pays you interest

STOCK: an investment that represents a share of ownership in a company

TAX: money that has to be paid to a government to provide public goods and services

VARIABLE EXPENSE: money that a person spends or gives away that varies from month to month

WANT: something that you would like to have but that you could live without, such as a TV or tickets to a baseball game

TEST YOUR KNOWLEDGE

Unscramble the Words

A G L O

I E T S V N

S A S I G V N

N D E E

N W T A

O N I C M E

J B O

E C I T R D

R U E R N T

D T U E B G

Word Box

savings
budget

return
want

invest
need

goal
credit

job
income

Match-It

INTEREST	An investment that represents a share of ownership in a company
FEES	Something you wish to achieve or accomplish in a specific amount of time
CASH FLOW	The ability to borrow money and pay it back later
CREDIT	Income and expenses over a given period of time
FIXED EXPENSE	Setting money aside to use in the future
GOAL	An expense that does not change from month to month
INVEST	Money that has to be paid to a government to provide public goods and services
STOCK	Money that a bank pays you for keeping money on deposit with them
TAX	Costs you may have to pay for some credit products
SAVE	To put money at risk with the goal of making a profit in the future

NOTES

Handwriting practice lines consisting of 20 horizontal dotted lines.



Handwriting practice lines consisting of 20 horizontal dotted lines.

KIDS BANC ACCOUNT



COMMITTED TO HELPING FUTURE GENERATIONS GET STARTED ON THE RIGHT FOOT

A New Way to Save

With no minimum opening deposit required, our Kids Banc Account is specifically designed for young savers and future entrepreneurs. Your child will receive monthly statements and learn about finances while watching their balances grow.

Unlimited In-Branch Transactions!

Make deposits and withdrawals anytime, with no transaction limits or monthly service fees, at any of our Southern California branch locations.

For more information about our Kids Banc Savings Account and current rates, please see a branch representative or call 877-770-BANC (2262).



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bancofcal.com/kidsbancaccount

A 1099-INT will be generated and reported to the IRS at year-end. Eligible for minors 17 years old or younger. Minor must have a valid U.S. Taxpayer Identification Number. Other rules and restrictions may apply. See branch for details. No minimum opening deposit is required.

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