

# TEEN WORKBOOK

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# LENDING, CREDIT, & FINANCIAL SERVICES

Assign the following financial services to the most appropriate situation.  
Use each one only once.

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## FINANCIAL SERVICES

- **401(k):** An employer sponsored retirement savings account where employees contribute part of their paycheck.
- **Auto Loan:** A loan specifically to buy a car.
- **CD:** A certificate of deposit is an agreement to leave money in a specific account for a set amount of time. It usually has a higher interest rate than an average savings account.
- **Checking Account:** An account at a bank or credit union meant for everyday transactions. The account can be connected to checks or a debit card and makes it easy to move money in or out. Checking accounts don't earn interest.
- **Credit Card:** A card that lets you borrow money for everyday purchases and pay it back, with interest, later. Using a credit card responsibly can help you improve your credit score.
- **Debit Card:** A card that lets you directly access money in a checking account to pay for things.
- **IRA:** An individual retirement account is a saving account specifically dedicated to retirement, meaning there are rules about when money can be withdrawn. The account can be set up at most financial institutions.
- **Mortgage:** A long term loan, usually 15 to 30 years, used to purchase a home.
- **Savings Account:** An account at a financial institution dedicated to saving and growing money. The account earns interest, has no card linked to it, and there are often limits to how often money can be moved in or out of it in a month.
- **Student Loan:** Money borrowed by a student to finance their education.

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## SITUATIONS

1. Emma applies for an ..... so that she can afford to buy a new car for her commute to work.
2. Dan wants to start earning interest on his money so he opens a .....
3. Maleah uses her ..... at the grocery store so that she doesn't have to worry about paying the money back later.
4. Randy's new employer explains that a ..... is a part of his benefits, so he'll need to decide how much of his paycheck he wants to contribute.
5. Lara is headed to the college of her dreams, but she'll be using a ..... to help pay for tuition.
6. Maya tells her employer to put her paycheck directly into her ..... so that she can keep it safe but still access it easily for everyday purchases.
7. JK wants to start saving for his retirement, but his employer doesn't offer any retirement benefits, so he opens an ..... at his financial institution.
8. David gets a ..... from his financial institution because he's saved up some money he won't need for a while and wants to earn as much interest on it as he can.
9. Jerome decides to use his ..... for small purchases every once in a while so that he can start building up his credit score.
10. Sammy and Jen talk to their financial institution about what they need to do to qualify for a ..... and start looking for homes.

# SUPPLY, DEMAND, AND YOU

Changes in the economy ripple down to the things you interact with every day. For example, if either supply or demand changes, many other things are impacted. For each scenario, decide how supply and demand changed and how that will impact other economic factors by circling the appropriate symbol.

## ECONOMIC FACTORS

- **Supply:** The amount of a resource that's available.
- **Demand:** The amount of a resource that's wanted or needed.

## WHICH IMPACT...

- **Competition:** How much companies have to compete with each other to get the same resource (materials, employees, etc.). When supply is lower than demand, competition usually goes up.
- **Price:** How much something costs. When demand is higher than supply, prices may go up because people are willing to pay more.
- **Wages:** How much someone is paid for their work. If competition is high, employers will likely be willing to pay more in order to get and keep workers.

### Sample Problem:

A sports store didn't sell as many coats during the winter as they expected and are now trying to get rid of them during the summer.

How has the supply and demand of winter coats at this store changed?

|               |                         |                                    |                         |
|---------------|-------------------------|------------------------------------|-------------------------|
| <b>Supply</b> | <input type="radio"/> ↑ | <input type="radio"/> ↓            | <input type="radio"/> = |
| <b>Demand</b> | <input type="radio"/> ↑ | <input checked="" type="radio"/> ↓ | <input type="radio"/> = |

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|               |              |                         |                                    |                         |
|---------------|--------------|-------------------------|------------------------------------|-------------------------|
| That means... | <b>Price</b> | <input type="radio"/> ↑ | <input checked="" type="radio"/> ↓ | <input type="radio"/> = |
|---------------|--------------|-------------------------|------------------------------------|-------------------------|

1. Oliver sets up his usual lemonade stand at the park, but it's a rainy day and not many people come to visit. How has the supply and demand of lemonade at this park changed?

|               |               |   |   |   |
|---------------|---------------|---|---|---|
|               | <b>Supply</b> | ↑ | ↓ | = |
|               | <b>Demand</b> | ↑ | ↓ | = |
| <hr/>         |               |   |   |   |
| That means... | <b>Price</b>  | ↑ | ↓ | = |

2. Due to flooding in Florida that destroyed crops, grocery stores in Michigan only got about half of their expected shipment of oranges. How has the supply and demand of oranges at these stores changed?

|               |               |   |   |   |
|---------------|---------------|---|---|---|
|               | <b>Supply</b> | ↑ | ↓ | = |
|               | <b>Demand</b> | ↑ | ↓ | = |
| <hr/>         |               |   |   |   |
| That means... | <b>Price</b>  | ↑ | ↓ | = |

3. One of the two rival pasta and bowling restaurants downtown closed after they failed a health inspection. How has the supply and demand of this type of restaurant changed?

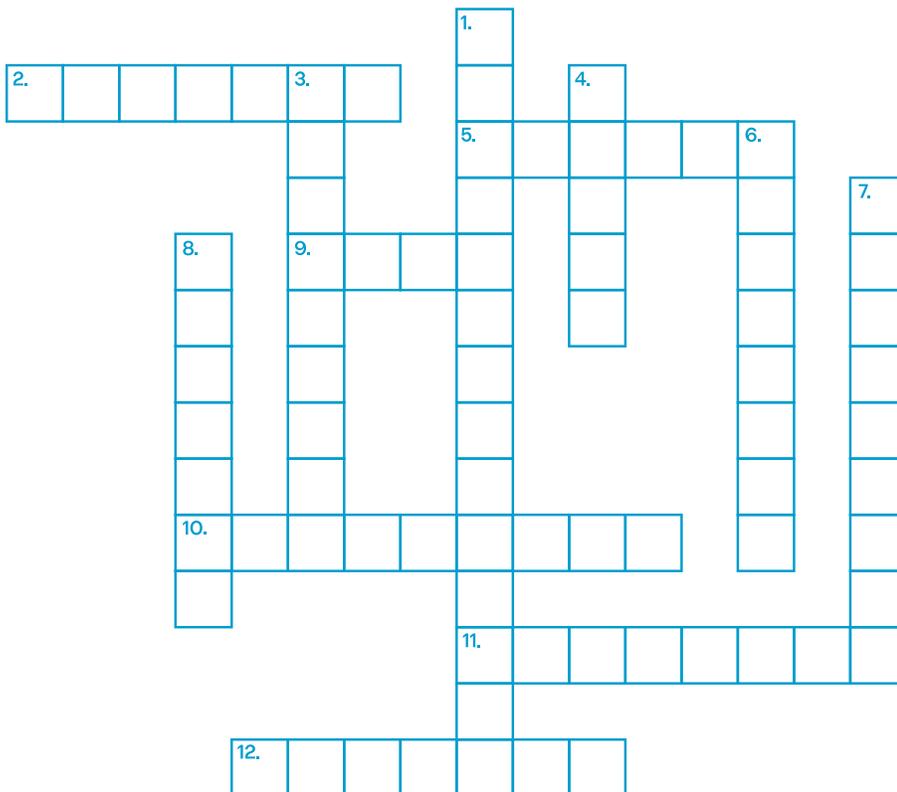
|               |                    |   |   |   |
|---------------|--------------------|---|---|---|
|               | <b>Supply</b>      | ↑ | ↓ | = |
|               | <b>Demand</b>      | ↑ | ↓ | = |
| <hr/>         |                    |   |   |   |
| That means... | <b>Competition</b> | ↑ | ↓ | = |

4. Three new theater companies all open in the same city around the same time, each one looking to get dancers, actors, and performers on their payroll. How has the supply and demand of performers in this city changed?

|               |                    |   |   |   |
|---------------|--------------------|---|---|---|
|               | <b>Supply</b>      | ↑ | ↓ | = |
|               | <b>Demand</b>      | ↑ | ↓ | = |
| <hr/>         |                    |   |   |   |
| That means... | <b>Competition</b> | ↑ | ↓ | = |
| And...        | <b>Wages</b>       | ↑ | ↓ | = |

# CROSSWORD

Use the clues to help you complete the crossword.  
You might have to look up a few definitions.




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## Wordbank

Insurance, Deposit, Interest,  
Overdraft, Paystub, Loan,  
Reconciliation, Transfer, Utilities,  
Balance, Credit, Debit

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## Across

2. A document showing your gross and net pay
  5. Money lent to you for a time
  9. Money lent to someone else in exchange for future payment
  10. A product promising to protect you from a financial risk
  11. The percentage cost of borrowing from someone else
  12. An amount of money owed or available in an account
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## Down

1. A way to balance your account records with your bank or your credit union
3. A term used to reference electric, water, gas, and other services
4. Money removed from your account
6. When money is moved from one account to another
7. Credit extended from a bank or credit union when a checking account is empty
8. Turning your money over to a financial institution for safekeeping

## ***APPLY IT***

Choose three words from the crossword puzzle and use them to write 3–4 sentences that explain how you can avoid financial trouble.

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## ***FREE RESPONSE***

The terms **Deposit**, **Interest**, **Overdraft**, **Transfer**, and **Balance** all reference things related to keeping money in an account at a financial institution. Imagine you have a friend interested in opening their first account. Choose one of these terms and explain what it means or how it works in your own words.

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# BUDGETING PRACTICE

Carlos really wants to move into a brand new apartment complex nearby. Rent for a one bedroom is \$1,600 a month. Go through Carlos’ finances to see if he can afford it with his current budget.

Carlos makes **\$3,200** after taxes each month.

- 1. \$200 car payment every month \$..... **left over**
- 2. \$20 a week on gas \$..... **left over**
- 3. \$100 a week in food and restaurant expenses \$..... **left over**
- 4. 10% of his total income into an emergency fund \$..... **left over**
- 5. 10% of his total income toward his vacation fund \$..... **left over**
- 6. \$40 a month on a gym membership \$..... **left over**
- 7. \$30 a month for streaming subscriptions \$..... **left over**
- 8. \$300 a month for remaining expenses. \$..... **total remaining**

9. Can Carlos afford to move into the new apartment complex?

.....

10. If he can't afford it or if he wanted more money left over, what would you recommend he change in his budget? Why?

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\*All weekly expenses should be multiplied by 4.

Mia is required to pay **at least \$50** a month toward her student loans, but she’s made a goal to pay them off as quickly as possible by paying more. Go through her budget to help her find the max she can afford to pay each month.

Mia makes **\$2,100** after taxes each month.

- 1. \$1,800 monthly rent that she splits with a roommate \$..... **left over**
- 2. \$70 a week on groceries and restaurants \$..... **left over**
- 3. \$100 a month for emergencies \$..... **left over**
- 4. \$40 a week on gas \$..... **left over**
- 5. \$70 toward medical debt every month \$..... **left over**
- 6. \$200 a month on classes and food for her new puppy \$..... **left over**
- 7. \$20 a week in income for nannying her sister’s kids \$..... **left over**
- 8. \$250 a month for her remaining expenses \$..... **total remaining**

9. How much more can Mia afford to pay toward student loans on top of the required \$50?  
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10. Once Mia pays off her student loans, what would you recommend she do with that extra money each month? Why?  
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# READING CHALLENGE

## Credit and Debit

Successfully using credit can help someone achieve their financial goals, but it requires walking a thin line. Taking on too much debt can be damaging. One way to see this play out is through credit cards. When you use a credit card to buy something, you're borrowing money rather than taking it straight from a checking account. That money can be borrowed up to a certain amount, called your credit limit. Once the money is paid back, it can be borrowed again. If you only make your minimum payment and don't pay off your credit card in full every month, the money left over will accrue interest. Borrowing money on a credit card gives you more time to pay off bigger purchases and also shows lenders that you can responsibly pay it back. But if you borrow more than you can quickly afford to pay back, it will hurt your ability to borrow in the future and you'll end up owing far more than you borrowed.

1. Describe the full cycle of borrowing and paying back money with a credit card.

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2. Based on context clues, what's a minimum payment?

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3. How can using a credit card be helpful?

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4. How can using a credit card be hurtful?

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5. The paragraph cautions against borrowing more than you can afford to pay back. How could someone figure out what they can afford?

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### **Saving with a Purpose**

The most efficient saving methods help your money grow. A regular savings account will give you a nominal interest rate, but a high-yield savings account or CD can help you earn much more. These accounts can usually be opened at any bank or credit union. It's best to think of your savings not just as a dumping ground for extra money, but as something with a specific purpose. You could be working toward building an emergency fund, saving toward a vacation, earning the down payment for a house, or anything else that's important to you. Saving for something specific will help motivate you and make it easier to part with the money now in order to focus on the future. And while it may feel like it, it's never too early to start thinking about retirement. The sooner you start contributing to something like a 401(k) (an investment account through an employer or an IRA, the more time that money has to grow.

- 1. What two savings options does the paragraph list that could help you save more than a regular savings account?

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- 2. Why is it beneficial to save with a purpose?

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- 3. The paragraph describes several specific purposes you could be saving for. What's another option that you would add to this list?

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- 4. When does the paragraph recommend you start saving for retirement?

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- 5. Using your own words and the context of the description in the paragraph, describe what a 401(k) is.

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# CHECK AND DEPOSIT SLIP

Although technology has changed how people pay for things or deposit money, there are still circumstances where you may need to write a check or fill out a deposit slip.

Choose a partner in class. You and your partner will pretend to sell something to one another.

Tell your partner what you're selling and how much it costs. Use the info your partner gives you and the **Check Instructions** to fill out the **Sample Check**, and don't forget to endorse it by signing the back!

Cut out the **Sample Check** and give it to your partner.

To deposit a check in your account, you need to fill out a deposit slip. If you want some of the money now, put that amount next to **Less Cash**. That amount is then deducted from the subtotal and given to you in cash. The rest (total) is put into your account.

Use the check you received from your partner to fill out the **Deposit Slip** below.

## DEPOSIT SLIP

| Deposit                         |           |      |
|---------------------------------|-----------|------|
| Date _____                      | Cash      | 0 00 |
| Name _____                      | Checks    |      |
| Account Number <u>123456789</u> | Subtotal  |      |
|                                 | Less Cash |      |
|                                 | Total     |      |

Banzai Financial  
Financial, USA 00000

CHECK INSTRUCTIONS

**Banzai!** Date \_\_\_\_\_ 1025

Who you're giving the check to \_\_\_\_\_ \$ Amount

Amount written out in words \_\_\_\_\_ Dollars  

What is this check for? \_\_\_\_\_ Signature \_\_\_\_\_

Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_ Check Number \_\_\_\_\_



SAMPLE CHECK

**Banzai!** Date \_\_\_\_\_ 1025

Pay to the order of \_\_\_\_\_ \$

\_\_\_\_\_ Dollars  

Memo \_\_\_\_\_

123456789      123456789      1025

Endorse Here

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Do not write, stamp, or sign  
below this line reserved for  
financial institution use.



**Banzai!**

# FILL IN THE BLANK

Complete the paragraph using the terms below.

- Auto Insurance** Coverage for your car that can help pay for accidents.
- Overdraft Fee** A charge from your financial institution if you try to use more money than is available in your account.
- Withdraw** When you take money out from your account.
- Purchase** To pay for something with money.
- Deductible** The amount you have to pay yourself before insurance starts to pay.
- Budget** A plan for how you'll spend your money.
- ATM** Automated Teller Machine, a machine that lets you withdraw money from your account.

Marco finally found a copy of a discontinued video game he'd been searching for: Fort Knight! But before he can don his armor and defend his fort from a rival, he has to ..... the game. Marco rushes to the ..... to ..... some cash, but he's rear ended on the way. Bummer. Luckily, Marco has ..... and will only need to pay the ..... to get his car fixed. Unluckily, he doesn't have enough money set aside for car repairs in his ..... To avoid an ....., Fort Knight will have to wait.

# CONGRATS! YOU'RE A FINANCIAL PRO!

