# STUDENT HANDOUT 1: FINANCIAL LITERACY SCENARIOS

## **DETERMINE IF EACH CHARACTER IS ACTING IN A FINANCIALLY LITERATE WAY OR NOT**

Scenario #1

Sarah has a babysitting job and earned $30.00 babysitting for a family in her neighborhood. She would like to expand babysitting to other families in her neighborhood and is willing to spend $15.00 of her earnings to have flyers printed. In spending half of her money on flyers, is Sarah being “financially literate” or not? Explain your reasoning.

Scenario #2

Brian is considering several colleges to attend after high school. He has saved some money, but he knows he will need much more to make it through his first year of college. He is only researching local colleges that offer multiple scholarships or low tuition costs. He is also considering living at home his first year to save money. Is Brian being financially literate or not? Explain your reasoning.

Scenario # 3

Ellen receives a weekly allowance. Her parents have explained that this is the only money Ellen will receive for seven days. Her parents have determined her allowance based on the cost of the food in the cafeteria ($35) and extra money for hanging out with her friends ($20). Ellen’s parents pay for her cell phone, her clothes, and school supplies. Ellen leaves campus every day for lunch with her friends, hangs out at the mall once a week, and contributes some gas money to her friend for driving her around. Her money never lasts the entire week, so she is planning on asking her parents for more allowance money. Is Ellen being financially literate or not? Explain your reasoning.

Scenario #4

Kristen’s mom has set up a checking account for Kristen’s expenses and has given Kristen a debit card to use. Kristen has overdrawn her bank account once, and her mother paid for the penalty fees. Kristen’s mother has told her that, if she is overdrawn again, her mother will close the account. Kristen has decided to check her account online about every three days to see if her account is getting low. Is Kristen being financially literate or not? Explain your reasoning.

Scenario #5

Mathias is saving for his first car. He wants to buy a good used car after about a year. He has calculated that if he saves all of his money from his part-time job that will pay for two-thirds of his car. For the last third of his car payment, he will ask his parents to give him a loan, which he will pay back with 10% interest. Is Mathias being financially literate or not? Explain your reasoning.

Scenario #6

Luke is in his first year of college and is struggling to pay his bills and all the extra expenses that he was not prepared for. He has three credit cards. To cover all of his expenses each month, he uses one of the credit cards so he won’t go in debt. He tries to rotate each credit card so there is not too much money on any one card. He is making the minimum payment on these cards. Is Luke being financially literate or not? Explain your reasoning.