

# Building Wealth

*A Beginner's Guide to Securing Your Financial Future*



Federal Reserve Bank of Dallas



Federal Reserve  
Bank of Dallas

## Building Wealth

**Morgan Ackley**  
Economic Education Advisor  
04/22/2021

---

*The views expressed are my own and do not necessarily reflect official positions of the Federal Reserve System.*

---

# Agenda

## Building Wealth

A Beginner's Guide to Securing Your Financial Future

*Building Wealth* is a personal finance education resource that presents an overview of wealth-building strategies for **consumers**, **community leaders**, **teachers** and **students**.



### For Consumers

I want to learn how to build wealth for myself and my family.

[READ MORE >>](#)



### For Community Leaders

I lead a group of adults interested in improving our personal finance skills.

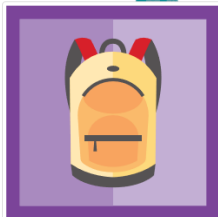
[READ MORE >>](#)



### For Teachers

I teach financial education to high school or college students.

[READ MORE >>](#)



### For Students

I am a student and want to learn how to create personal wealth and meet my financial goals.

[READ MORE >>](#)

- *Building Wealth* publication (print)
- *Building Wealth* lesson plans
- Resources Grades PK-8

# Building Wealth Publication

*An investment in knowledge  
always pays the best interest.*

Benjamin Franklin

# Building Wealth

A Beginner's Guide to Securing Your Financial Future



## A new look for Building Wealth!

We've updated the characters and the content to be relevant to the financial choices we face in today's economy.

Introduction: Building Wealth 1

1 Learn the Language 2

2 Budget to Save 4

3 Save and Invest 8

4 Build Credit and Control Debt 16

5 Protect Your Wealth 22

Review 26

Glossary 27

Wealth-Building Resource Guide 30

Tools for Building Wealth 33

**Building Wealth:** A Beginner's Guide to Securing Your Financial Future offers introductory guidance to individuals and families seeking help to develop a plan for building personal wealth. While a comprehensive discussion of accounting, finance and investment options is beyond the scope of this workbook, it presents an overview of personal wealth-building strategies. For more information and assistance, consult the resource guide at the back.

All **Building Wealth** materials are available at [buildingwealth.org](http://buildingwealth.org), including an online guide, a tablet guide and classroom lesson plans.

For additional copies of this workbook (also available in Spanish), order online at [buildingwealth.org](http://buildingwealth.org) or call 800-333-4460.

**Building Wealth:** A Beginner's Guide to Securing Your Financial Future may be reproduced in whole or in part for training purposes, provided it is not distributed for the purpose of private gain and is appropriately credited to the Bank.

# Chapter 1 - Learn the Language

# Building Wealth

*A Beginner's Guide to Securing Your Financial Future*

You can create personal wealth. It's possible to meet your financial goals. By choosing to budget, save and invest, you can pay off debt, send your child to college, buy a comfortable home, start a business, save for retirement and put money away for a rainy day. Through budgeting, saving and investing, building credit and controlling debt, all these goals are within your reach.

## Defining Wealth


Some people consider themselves wealthy because they live in a very expensive house and travel around the world. Others believe they are wealthy simply because they're able to pay their bills on time. What we are talking about here is financial wealth and what it means to you.

Building wealth requires having the right information, planning and making good choices. This workbook provides basic information and a systematic approach to building wealth. It is based on time-honored principles you probably have heard many times before—budget to save; save and invest; build credit and control debt; and protect the wealth you accumulate.

Some people might define wealth as:

- being able to put my kids through college.
- having enough money to buy a house.



 What is your definition of wealth?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

You have defined wealth.  
How do you acquire it?

## 1 Learn the Language

*If you make a good income each year and spend it all, you are not getting wealthier.*

*You are just living high.*

Thomas J. Stanley and William D. Danko,  
*The Millionaire Next Door*



You want to create personal wealth, right? So does Anthony.

Anthony is 35 and works for a manufacturing company. He looked at his finances and realized that at the rate he was going, there wouldn't be enough money to meet his family's financial goals. So he chose to embark on a personal wealth-creation strategy. His first major step was to pick up a copy of this workbook for guidance. Anthony began by learning the language of wealth creation. The first lesson was to understand the meaning of assets, liabilities and net worth. They make up this very important formula:

$$\text{ASSETS} - \text{LIABILITIES} = \text{NET WORTH}$$

A wealth-creating **asset** is a possession that generally increases in value or provides a return, such as:

- A savings account.
- A retirement plan.
- Stocks and bonds.
- A house.

Some possessions (like your car, household furnishings and clothes) are assets, but they aren't wealth-creating assets because they don't earn money or rise in value. A new car drops in value the second it's driven off the lot. Your car is a tool that takes you to work, but it's not a wealth-creating asset.

A **liability**, also called debt, is money you owe, such as:

- A home mortgage.
- Credit card balances.
- A car loan.
- Hospital and other medical bills.
- Student loans.

## Home Equity

The market value of a home is an asset; the mortgage is a liability. Let's say your house is worth \$120,000, but your mortgage is \$80,000. That means your equity in the home is \$40,000. Equity contributes to your net worth.

# Building Wealth

*A Beginner's Guide to Securing Your Financial Future*



What is your definition of wealth?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Examples:

- Being able to put my kids through college.
- Having enough money to buy a home.



# Chapter 1 – Learn the Language



**Net worth** is the difference between your assets (what you own) and your liabilities (what you owe). Your net worth is your wealth.

**ASSETS - LIABILITIES = NET WORTH**



# Chapter 2 – Budget to Save

# Budget to Save



What are your short-term and long-term goals?

My short-term goals are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

My long-term goals are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

You have set short- and long-term goals.  
**How do you meet them?**

# Budget to Save – Track our Spending

Date	Expense	Cash/debit/check	Charge
1/2	Breakfast, Get-N-Go	\$ 5.50	
1/2	Coffee	3.75	
1/2	Lunch		\$ 6.75
1/2	Gas for car		46.00
1/2	Drinks with friends	10.00	
1/2	Groceries		50.00
1/2	Dinner	15.00	
1/2	Music	10.00	
1/3	Breakfast, Moonlight Diner	8.50	
1/3	Coffee	3.75	
1/3	Dress		50.00
1/3	Movies	15.00	
1/3	Dinner	18.00	
1/4	Breakfast, Get-N-Go	5.50	



### Gabby's Monthly Budget

	Current income	Income changes	New budget
Take-home pay	\$ 2,600		\$ 2,600
Overtime pay		\$ 40	\$ 40
Pension, Social Security benefits			
Alimony/child support			
Other income			
<b>Total income</b>	<b>\$ 2,600</b>	<b>\$ 40</b>	<b>\$ 2,640</b>

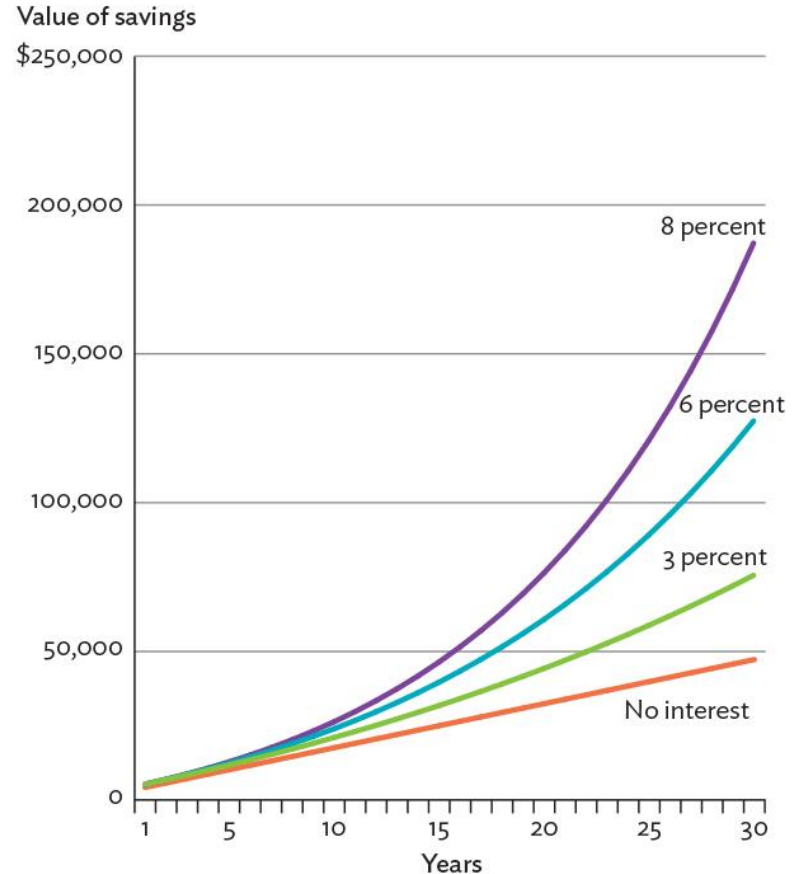
	Current expenses	Spending changes	New budget
Rent	\$ 750		\$ 750
Renter's insurance	30		30
Utilities	155		155
Telephone	100		100
Cable TV/Internet service	75	\$ -20	55
Insurance (life, disability)	0		0
Charitable donations	0		0
Credit card payment	200		200
Groceries	200		200
Clothing	130	-30	100
Day care/tuition	0		0
Car loan	300		300
Car insurance	75		75
Gas for car	145	-20	125
Meals out & entertainment	425	-50	375
Miscellaneous daily expenses	100	-50	50
<b>Total expenses</b>	<b>\$ 2,685</b>	<b>\$ -170</b>	<b>\$ 2,515</b>
<b>Monthly net</b> (income - expenses)	<b>\$ -85</b>		<b>\$ 125</b>
<b>Available to save or invest</b>	<b>\$ 0</b>		<b>\$ 125</b>

# Chapter 3 – Save and Invest

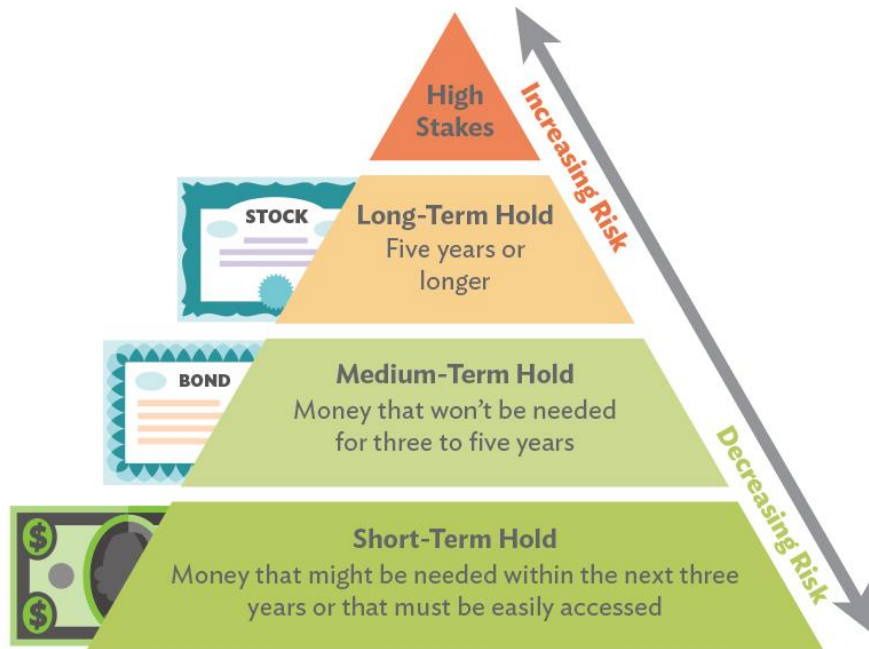
# Save and Invest

- Compound interest
- Risk and return
- Saving accounts
- Investment pyramid
- Tools for saving
- Tools for investing
  - diversification
  - Savings bonds
  - Treasury bills
  - Stocks
  - Retirement accounts

## The Compound Interest Advantage



*Examples assume \$125 monthly deposits; the compound interest examples assume monthly compounding.*



Financial Plan		Insurance	
Goals	Financial Records	Life	Health
Budget	Net Worth	Disability	Property and Liability
<b>Financial Foundation</b>			

NOTE: Information not intended as specific individual investment advice.

SOURCES: Adapted from National Institute for Consumer Education, Eastern Michigan University; AIG VALIC.



# Building Wealth Publication

<b>4</b>	<b>Build Credit and Control Debt</b>	16
<b>5</b>	<b>Protect Your Wealth</b>	22
	<b>Review</b>	26
	<b>Glossary</b>	27
	<b>Wealth-Building</b> Resource Guide	30
	<b>Tools for Building Wealth</b>	33

# Order Building Wealth



## Building Wealth

*A Beginner's Guide to Securing Your Financial Future*

*Building Wealth* is a personal finance education resource that presents an overview of wealth-building strategies for **consumers**, **community leaders**, **teachers** and **students**.



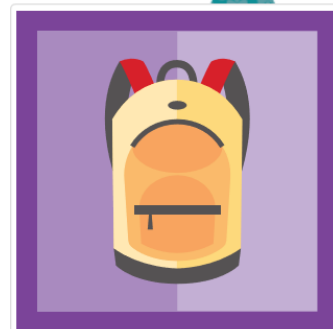
For Consumers



For Community  
Leaders



For Teachers



For Students



# Building Wealth – Available in Spanish

## Cómo crear **riqueza**

*Una guía introductoria para asegurar su futuro económico*



# Online resources

- Who's Who
- Chapters
- Resources & Tools

# Building Wealth

*A Beginner's Guide to Securing Your Financial Future*

**Welcome to the *Building Wealth* online guide.**

This Dallas Fed financial education resource provides basic guidance to individuals and families who wish to develop a plan for building personal wealth. Get started with the [Introduction](#).



## Track Day-to-Day Spending

In order to create wealth, it's important to become more of a doer, like Sonya, and plan for your financial future. To start, look at your finances to see how much money you make and how you are spending it. Keep track of your daily spending, whether by cash or debit card, check or credit card.

Here are some examples.

[Anthony](#) [Bess](#) [David](#) [Gabby](#) [Sonya](#) [Vince](#)



**Gabby**

[Learn more about Gabby >>](#)

After tracking where her money was going every day, Gabby realized that she could reduce her spending and put more toward her wealth-creation goals.

Take a look at [Gabby's spending log](#).



### Track Your Daily Spending



Using [Gabby's spending log](#) as an example, record your daily expenses [online](#), or download a [spreadsheet](#) or [PDF](#) of the blank day-to-day spending form. Include everything you purchase—whether with cash, debit card, check or credit card.

[EXAMPLE](#)

[WEB](#)

[XLS](#)

[PDF](#)

# Teacher Resources

# Teacher Resources

## Budget to Save

1. The Balance Sheet
2. Developing a Budget

## Save and Invest

3. Put It in the Bank (New)
4. Owning Versus Renting (New)

## Save and Invest

### Put It in the Bank

Lesson [PDF](#) | Procedure [PDF](#)

### Assesments

- Tic-Tac-Toe Choice Board [PDF](#)
- Quiz [PDF](#)

### Handouts

- Guided Notes [PDF](#)
- Bank Comparison Chart [PDF](#)
- Bank Reconciliation [PDF](#)
- Interest Rates and the Rule of 72 [PDF](#)



# Lesson 1 – The Balance Sheet

**What does  
building wealth  
mean to you?**

# ASSETS - LIABILITIES = NET WORTH



An **asset** is anything you own that has commercial or exchange value.

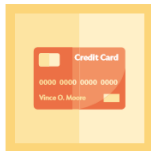
- Savings
- Land
- Computers
- Vehicles



## Wealth-Creating Assets

Possessions that generally increase in value over time or provide a return.

*Examples: stocks, bonds, real estate and savings accounts*



A liability, also called debt, is money you owe, such as:

- Music streaming subscription
- Car loan
- Payment plan for cell phone
- Student loans



## Depreciating Assets

Possessions that decrease in value over time.

*Examples: cars, televisions, phones, and laptop computers*



## Asset or Liability?

*Read the following scenarios, discuss them with your team and identify items that are assets and liabilities.*

# Jose 25, Freelance app developer

*As you read, think about what items belong in Jose's balance sheet.*



He has developed games for the iPhone, which enabled him to earn the money to pay cash for a small condo and a new car. He also has developed and copyrighted a mobile app that tracks the movement of the continents in real time, but it hasn't paid off yet.



Jose doesn't have a savings account, and he finds that his living expenses currently exceed his income. He has had to use his two credit cards to pay for living expenses until he gets more money coming in. He recently upgraded his television and sound system and took advantage of the retailer's 36-month no-interest offer.

# Jose

Freelance app developer

---

Condo

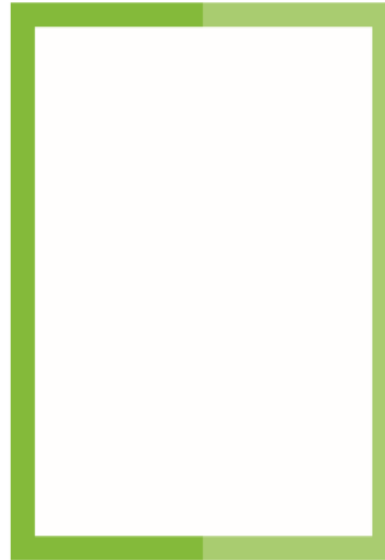
Credit card debt

Store-financed  
home theater

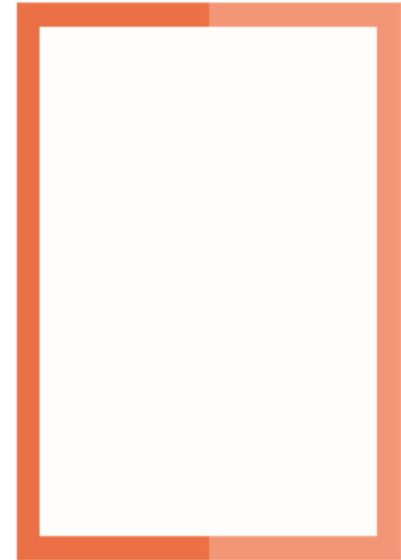
New car

Copyrighted  
mobile app

## Assets



## Liabilities





## Handout 1: Real-Life Balance Sheets

### Asset or Liability?

#### Jose

Freelance App Developer

- Condo
- Credit card debt
- Store-financed home theater
- New car
- Copyrighted mobile app

#### Assets

#### Liabilities

#### Maria

Loan Officer

- Home mortgage
- Car loan
- Student loan
- Retirement account

#### Assets

#### Liabilities

#### Andrea

College Sophomore

- Savings account
- Credit card balance
- Car
- Bobblehead collection
- \$1,300 bank loan

#### Assets

#### Liabilities

#### Sam

Engineer

- Company stock
- Car
- Boat loan
- Medical bills
- Co-signed a loan
- Credit card balance

#### Assets

#### Liabilities

#### Isabella

Analyst

- College loans
- Credit card balance
- Savings account
- Inheritance

#### Assets

#### Liabilities

#### Henry

Retiree

- Retirement accounts
- House
- Medical bills
- Graduate school loan
- RV loan

#### Assets

#### Liabilities

**Jose**

Freelance app developer

---

**Assets**

Condo  
New car  
Copyrighted  
mobile app

**Liabilities**

Credit card  
debt  
Store-financed  
home theater



# Transfer of Knowledge

First, sort the items into their correct category

Description	Amount
Savings account from summer job	\$750
Balance due on prom dress	\$200
Saving bond	\$150
Owed to mom for cell phone	\$120
2012 car	\$3500
Video games	\$200
Balance due on car loan	\$1500

52 Building **Wealth**

Wealth-Building Assets	
Depreciating assets	
<b>Total assets</b>	
Liabilities	
<b>Total liabilities</b>	
<b>Total assets</b>	
<b>Total liabilities</b>	
<b>Assets - Liabilities = Net Worth</b>	

Next, do the math to find Sandra's **total assets** and **total liabilities**

Sandra's Balance Sheet	
<b>Wealth-Building Assets</b>	
Saving bond	\$150
Saving's Account from summer job	\$750
Depreciating assets	
Video games	\$200
2012 car	\$3,500
<b>Total assets</b>	
<b>Liabilities</b>	
Owed to mom for cell phone	\$120
Balance on car loan	\$1,500
Credit card balance for prom dress	\$200
<b>Total liabilities</b>	
<b>Total assets</b>	
<b>Total liabilities</b>	
<b>Assets - Liabilities = Net Worth</b>	

 Try it on your own

Description	Amount
Checking account	\$900
Balance due on new cell phone	\$250
College savings account	\$500
Balance due on annual gaming membership	\$100
Laptop computer	\$1500
Balance due on laptop computer	\$600

Daniel's Balance Sheet	
<b>Wealth-Building Assets</b>	
Depreciating assets	
<b>Total assets</b>	
<b>Liabilities</b>	
<b>Total liabilities</b>	
<b>Total assets</b>	
<b>Total liabilities</b>	
<b>Assets - Liabilities = Net Worth</b>	



## Handout 2: Real-Life Balance Sheets

### Try It on Your Own

#### Question #1

### Sandra

Description	Amount
Savings account from summer job	\$750
Prom dress credit card balance	\$200
Savings bond	\$150
Owed to mom for cell phone	\$120
2012 car	\$3,500
Video games	\$200
Car loan balance	\$1,500

#### Question #2

### Daniel

Description	Amount
Checking account	\$900
Cell phone balance	\$250
College savings account	\$500
Balance due on annual gaming membership	\$100
Laptop computer	\$1,500
Balance due on laptop computer	\$600

Sandra's Balance Sheet	
<b>Wealth-Building Assets</b>	
Depreciating assets	
<b>Total assets</b>	
<b>Liabilities</b>	
<b>Total liabilities</b>	
<b>Total assets</b>	
<b>Total liabilities</b>	
<b>Assets - Liabilities = Net Worth</b>	

Daniel's Balance Sheet	
<b>Wealth-Building Assets</b>	
Depreciating assets	
<b>Total assets</b>	
<b>Liabilities</b>	
<b>Total liabilities</b>	
<b>Total assets</b>	
<b>Total liabilities</b>	
<b>Assets - Liabilities = Net Worth</b>	

# Building **Wealth**

In the Classroom

Lesson 2

## **Budget to Save**—Developing a Budget



Federal Reserve  
Bank of Dallas



# What are SMART goals?

**Specific**

**Measurable**

**Attainable**

**Relevant**

**Timely**

## For each time frame, set one personal and one financial goal.

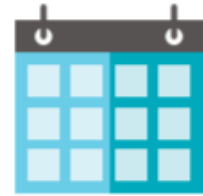
*Use assessment 1 to record your answers.*



**End of semester**



**End of summer**



**1 year**



## Creating a Budget

*How can you meet your goals?*

A **budget** is an action plan to help you meet your financial goals.

A **budget** can help you:

- Understand where your money goes.
- Identify your needs and wants.
- Meet your savings goals.



To develop a **budget**, you need to:

- Create goals.
- Track expenses.
- Categorize needs and wants.

Name \_\_\_\_\_ Date \_\_\_\_\_



## Handout 1

# Consumption Log

**Before class:** Use this chart to write down EVERYTHING you consume in the next one to two weeks. Whether it is a \$75 item of clothing or a \$1 candy bar, write it down. Even if someone else pays for the items you consume, write it down. This is the first step of budgeting.

Date	Expense	Amount	Need	Want



## Assessment 2

# Where Am I Going?

- Document the sources and amounts of income that allowed you to make purchases while tracking your consumption.
- Record your expenses below. You can use general spending categories like “eating out” or “entertainment” if needed.
- Look for ways to increase income and/or decrease expenses so that you begin to save or increase your savings. Keep in mind your financial goals. Is there something you have been buying that you could live without?
- Remember, keep your budget realistic and include everything. Make plans that you can live with week after week.

<b>Assets</b>	Current income	Income changes	New income
	\$		\$
<b>Total income</b>	\$		\$
<b>Liabilities</b>	Current expenses	Spending changes	New expenses
	\$		\$

# Building **Wealth**

In the Classroom

Lesson 3

## **Save and Invest**—Put It in the Bank

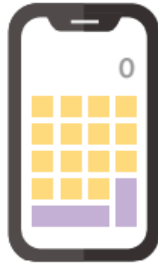


Federal Reserve  
Bank of Dallas





## Try it on your own



### **Handout 4: Interest Rates and the Rule of 72**

Use the online compound interest rate calculator from **[www.investor.gov](http://www.investor.gov)** to solve the investment/savings scenarios.

Name \_\_\_\_\_

Date \_\_\_\_\_



## Lesson 3—Handout 2

# Bank Comparison Chart

Use the bank comparison chart below to research and compare different types of bank accounts.

**Directions:** Pick three different banks and compare account features, fees, minimum opening deposit and minimum daily balance.

Bank name	Checking	Saving	Money market	Certificate of deposit

## Maria's receipts

**Music Streaming Service LLC**

RECEIPT

May 1	\$10.15
<b>Subtotal</b>	\$10.15
<b>Tax</b>	\$0.84
<b>Total</b>	\$10.99

**Cellphone Service**

May 26	\$67.00
--------	---------

Summary

**Fuel & Go**

May 20	
Gas	\$26.33

**MOVIE LIGHTS 17**

Feature Film May 7

Screen	Row	Seat
15	C	12
Admission — \$15.65		

**MOVIE LIGHTS 17**

May 7		
Soda	\$4.73	
Popcorn	\$6.45	
<b>Subtotal</b>	\$11.18	
<b>Tax</b>	\$0.92	
<b>Total</b>	\$12.10	

**ATM Withdrawal**

May 24

Customer Card  
XXXXXXXXXXXX0000

**BW Café** May 24

1 Belgian Waffle	\$6.25
1 Side Hash Browns	\$1.79
1 Orange Juice	\$1.90

**Corner Quickstop**

May 8

1 Pack of Gum	\$0.99
1 Bag of Chips	\$2.75
1 Bottle of Water	\$1.60



### Lesson 3—Assessment 1

## Tic-Tac-Toe Choice Board

Click on the links below and complete your tic-tac-toe choice board to learn more about savings and banking. Circle or highlight your choices. When you are finished, answer the questions on the next page to reflect on what you learned.

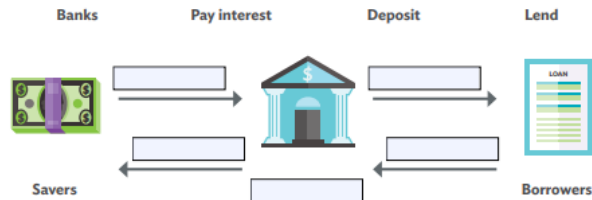
<p><b>Banking Methods</b> Infographic</p>	<p><b>Covid-19 and Banking</b> Reading</p>	<p><b>Mexico and Digital Banking</b> Infographic</p>
<p><b>Lost or Stolen Debit Card?</b> Reading</p>	<p><b>FREE CHOICE</b> Research a banking or investing topic and provide a summary below</p>	<p><b>FDIC Coverage</b> Video</p>
<p><b>How Banks Make Money</b> Video -OR- <b>Banks vs. Credit Unions</b> Reading</p>	<p><b>Savings and Investing</b> Infographic</p>	<p><b>Survey of Economic Well-Being in 2019</b> Reading -OR- <b>How Racial Inequality Manifests in the U.S. Banking System</b> Podcast</p>



### Lesson 3—Assessment 2

## Quiz

- Use the terms below to complete the flowchart, labeling all boxes.



- What are the benefits of saving money at a bank?  
\_\_\_\_\_
- Define "interest" in your own words.  
\_\_\_\_\_
- What is the difference between simple and compound interest?  
\_\_\_\_\_
- Use the Rule of 72 to answer the question. If you save \$500 in an account that pays 3 percent annual interest, how many years will it take for your savings to double in value?  
\_\_\_\_\_

#### Vocabulary matching

- |   |                 |
|---|-----------------|
| 1. _____ Person who does not have a checking, savings or money market account           | A. Digital bank |
| 2. _____ Bank that delivers products and services remotely through electronic channels. | B. Interest     |
| 3. _____ Percentage charged for a loan or the percentage paid on a savings account.     | C. Unbanked     |
| 4. _____ Fee for the use of money over time or money earned on a savings account.       | D. Loan         |



# Building **Wealth**

In the Classroom

Lesson 4

## **Save and Invest**—Owning Versus Renting



Federal Reserve  
Bank of Dallas



# Renting



**Up-front costs**



**Renters insurance**



**Lease agreement**



**Responsibilities**

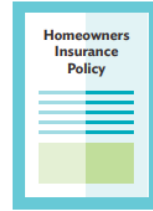
# Owning



**Property  
value**



**Mortgage  
loan**



**Homeowners  
insurance**



**Equity**



**Responsibilities  
of homeownership**



**Risks of  
homeownership**



## Lesson 4—Extension Activity

### Examples of Housing Discrimination

The U.S. Department of Housing and Urban Development (HUD) Office of Fair Housing and Equal Opportunity (FHEO) works to eliminate housing discrimination and promote civil rights and economic opportunity through housing. FHEO enforces fair housing laws. One of its roles is to investigate complaints of housing discrimination.

**Instructions:** Read through the examples of housing discrimination from HUD below. After reading each example, answer the questions on the next page.

#### Discrimination Isn't Always Obvious—Example #1

John, who is a Black man, speaks to a prospective landlord on the phone about leasing an apartment. On the phone, the landlord seems eager to rent to John, but when John meets with the landlord in person to fill out an application, the landlord's attitude is entirely different. A few days later, John receives a letter saying that his application was denied because of a negative reference from his current landlord. John is surprised because he never had problems with his landlord, and his landlord swears she was never contacted for a reference. John suspects that the real reason he was denied the apartment was because he is Black, so John files a complaint with HUD. HUD investigates and it turns out John is right; the landlord's files show a pattern of discrimination because of race and color.

#### Discrimination Isn't Always Obvious—Example #2

Jane is a Muslim woman who wears a hijab. Jane walks into the leasing office for a large apartment building because she saw a sign in the building's window advertising several available units. Jane introduces herself to the leasing officer, who immediately says there are no units available. Jane asks to be put on the waiting list, but she never receives a call. Jane files a complaint with HUD because she suspects that the leasing officer does not want to rent to her because she is Muslim. HUD investigates and it turns out Jane is right; other employees of the building give HUD information that substantiates Jane's claim of religious discrimination.

#### Steering Is a Form of Discrimination



## Lesson 4—Assessment 1

# Lease or Buy Video

**Instructions:** Create a one-to-two-minute video to explain whether you would prefer to lease or buy a property at the age of 25. Explain the benefits and costs you will need to consider if you lease or buy, and include what short-term and long-term goals will help you achieve this goal. Use the template below to create a script for your video.

### Video Template

1. Introduce yourself.

2. Explain why you would choose to lease or buy. Provide personal examples that justify your choice.

3. What did you consider when making this choice? Why does it matter to you?

4. Explain the benefits and costs of your choice.

5. Include which risk concerns you the most and why.



## Lesson 4—Handout 2

# Lease Agreement



### Residential Lease Agreement

THIS LEASE AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_ hereinafter referred to as "Landlord" and \_\_\_\_\_ hereinafter referred to as "Tenant".

1. Tenant shall pay as rent the sum of \$ \_\_\_\_\_ per month, due and payable monthly, in advance, no later than 5:00 p.m. by the fourth day of every month. Tenant further agrees to pay a late charge of \$ \_\_\_\_\_ for each day rent is not received after the fourth of the month to the Landlord regardless of the cause, including dishonored checks, time being of the essence. An additional Service Charge of \$ \_\_\_\_\_ will be paid to Landlord for all dishonored checks.

2. Tenant agrees to use said dwelling as living quarters only for \_\_\_\_\_ adults and \_\_\_\_\_ children, namely:

\_\_\_\_\_

and to pay \$50.00 each month for each other person who shall occupy the premises in any capacity.

Tenant agrees to accept the property in its current condition and to return it in "moving-in clean" condition, or to pay a special cleaning charge of \$185.00 upon vacating the premises. The carpets are to be professionally cleaned. If you prefer that we have the carpets cleaned for you, the charge will be billed to you. Carpet cleaning costs are in addition to cleaning charge.

3. PETS ARE NOT ALLOWED WITHOUT WRITTEN PERMISSION FROM LANDLORD. As additional rent, Tenant agrees to pay a non-refundable pet fee of \$25.00 per month for each pet. All pets on the property not registered under this Lease shall be presumed to be strays and will be disposed of by the appropriate agency as prescribed by law. A Pet Agreement, if applicable, is attached hereto as Exhibit "B", and incorporated herein by reference. PET NAMES AND DESCRIPTION: \_\_\_\_\_

4. Tenant will be responsible for payment of all utilities, garbage, water and sewer charges, telephone, gas, association fees or other bills incurred during the term of this Lease. Tenant specifically authorizes Landlord to deduct amounts of any unpaid bills from the Security deposit upon termination of this Agreement.

**IMPROVEMENTS TO PROPERTY**—Any improvements to the property made by tenant inside or outside must not be removed without written permission from the property manager. This includes landscaping, shrubs, flowers, walkways, out buildings such as storage sheds and playhouses, etc. Any interior improvements the tenant may have made to the property must also remain. Improvements include but are not limited to the following: installation of ceiling fans, book shelves, shelving, light fixtures, etc.

5. If Tenant leaves said premises unoccupied for 15 days while rent is due and unpaid, Landlord is granted the right hereunder to take immediate possession thereof and to exclude Tenant therefrom, removing all Tenant's property contained therein and placing it into storage at Tenant's expense.

6. Tenant is responsible for all plumbing repairs including faucets, leaks, stopped-up pipes, frozen pipes, water damage, and bathroom caulking.

**YOU SHOULD READ AND UNDERSTAND THIS LEASE. IT IS A LEGAL AND BINDING CONTRACT.**

Signing below means you have read the Lease, are in full agreement with it and have received a copy of the contract.

ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_.

(Address, City and State)

# Building **Wealth**

In the Classroom

Lesson 5

## **Save** and **Invest**—The Role of Financial Markets



Federal Reserve  
Bank of Dallas



# Savings



Examples of savings categories for **short-term** needs.

- Down payment for a car.
- Vacation.
- College.
- Computer.

# Savings



**Emergency savings** is money set aside for unforeseen events such as:

- Home and car repairs.
- Job loss.
- Emergency dental work.
- Natural disaster.
- Long-term illness.
- Emergency travel.



# Emergency savings

## Trey 17, Senior in High School

As you read, think about how you can help Trey develop a plan to save \$1,000. Use Handout 2 to record your answers.



Trey has a part-time job earning \$750 a month and has saved \$600 for college. The money is held in a checking account.



Trey would like to develop a plan to save an additional \$1,000 in the next eight months for emergencies before starting community college next year.

### Monthly Emergency Savings Budget

<b>Total Income</b>	<b>\$750</b>
---------------------	--------------

#### Expenses

\*Assumes 20 school days in a month

Cellphone plan	\$62
Music streaming subscription	\$12
*Lunch 4x week (\$9.75 x 16)	\$156
Gas 2x month (\$28 x 2)	\$56
Car insurance	\$141
Entertainment (\$25 per week)	\$100
Gym membership	\$25
Clothing or shoes	\$150
Coffee 2x week (\$6 x 8)	\$48
<b>Total expenses</b>	<b>\$750</b>

<b>Total income</b>	<b>\$750</b>
---------------------	--------------

<b>Total expenses</b>	<b>\$750</b>
-----------------------	--------------

<b>Income - expenses = savings</b>	<b>\$0</b>
------------------------------------	------------

# Building **Wealth**

In the Classroom

**Up Next:** Lesson 6

**Save and Invest**—Bonds, Stocks and Mutual Funds



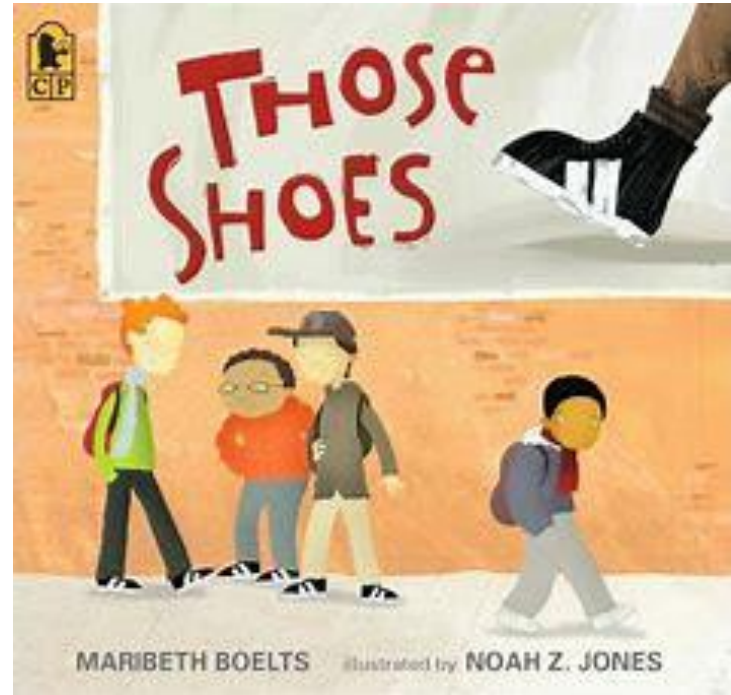
Federal Reserve  
Bank of Dallas



# Additional Resources

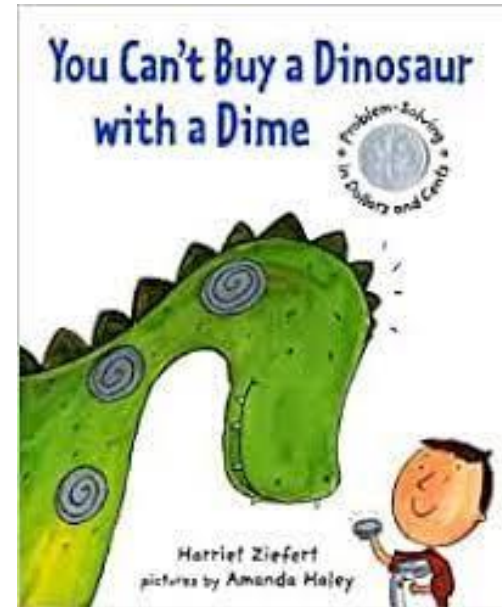
# Literature Based Lessons – Kansas City Federal Reserve

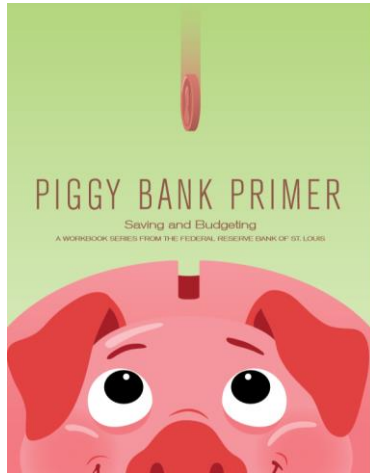
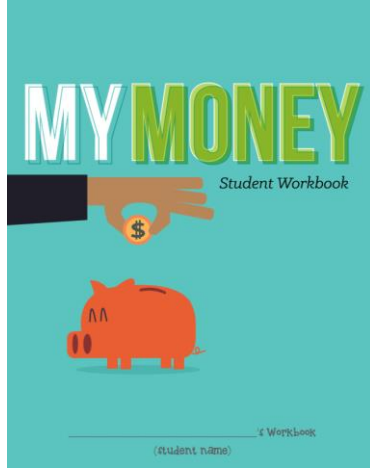
- PK-5
  - *Bunny Money*
  - *Sweet Potato Pie*
  - *Those Shoes*
- 6-8
  - *Crenshaw*
  - *Isabel's Car Wash*
- 9-12
  - *Twenty-two Cents: Muhammad Yunus and the Village Bank*



## Literacy Based Lessons – Parent Q&A's

- Resources for parents with children 5-10 years old.
  - *A Chair for My Mother.*
  - *Curious George Saves His Pennies.*
  - *You Can't Buy a Dinosaur With a Dime.*
  - *Just Saving My Money.*





- *My Money* is an education workbook for students in elementary school.
  - Topics include: money, coin equivalents, jobs, goods, services and barter
  
- *Piggy Bank Primer* - Through a story and activities, the book introduces children to economics and financial literacy concepts.
  - Topics include: saving, spending, budgeting, wants, goods, services and opportunity cost.

# Dollars & Sense Budgeting Game

## DOLLARS & SENSE WATCH YOUR EXPENSE!

Choose a lifestyle & career and learn how to budget your money.

**START**

### CHOOSE YOUR HOME

 <b>Suburban Oasis</b>	 <b>Upscale High Life</b>
Monthly Payment \$2,000	Monthly Payment \$1,470
Utilities \$400	Utilities \$330

 <b>Cozy Quintessence</b>	 <b>Close Quarters</b>
Monthly Payment \$960	Monthly Payment \$610
Utilities \$240	Utilities \$190



**GO ON TO TRANSPORTATION** →



**STOP TAKE A CHANCE:** Life brings unexpected events; some bring money, others add expense. **FLIP A COIN** to reveal your fate.



<p><b>HEADS</b> Your laptop is stolen and you must spend \$1,320 to replace it. You can pay in monthly installments.</p>	<p><b>TAILS</b> To help build your savings, a relative deposits \$25 each month into your savings account.</p>
--	--



### TRANSPORTATION

#### HOW WILL YOU GET AROUND?

 <b>Stop &amp; Go</b>	 <b>Fuel Expense</b>
Monthly Payment \$200	\$0/month

 <b>Putt - Putt</b>	 <b>Fuel Expense</b>
Monthly Payment \$300	\$150/month

 <b>Slow &amp; Steady</b>	 <b>Fuel Expense</b>
Monthly Payment \$450	\$250/month

 <b>Zoom - Zoom</b>	 <b>Fuel Expense</b>
Monthly Payment \$800	\$400/month

**CHANCE:** Will it be income or expense? **FLIP A COIN** to find out.







**HEADS**  
You win \$80 from a radio-control car in monthly installments over the year.

**TAILS**  
Let you make a mistake on your taxes. You now must repay the \$1,200 you owe over the course of a year.

### CONNECTIVITY

#### YOU HAVE TO KEEP IN TOUCH!

Choose as many as you want.

 <b>Phone</b>	 <b>High Speed Internet</b>
Expense \$80/month	Expense \$70/month
 <b>Internet TV</b>	 <b>Premium TV</b>
Expense \$50/month	Expense \$130/month

### SAVINGS

#### DON'T FORGET TO PAY YOURSELF!

 <b>Simple Saver</b>	 <b>Calculation</b>
Saving Rate 5%/month	Divide monthly income by 20

 <b>Savvy Saver</b>	 <b>Calculation</b>
Saving Rate 10%/month	Divide monthly income by 10

 <b>Super Saver</b>	 <b>Calculation</b>
Saving Rate 20%/month	Divide monthly income by 5

### CLOTHING

#### WHAT TO WEAR, WHAT TO WEAR?

 <b>The Lounger</b>	 <b>Expense</b>
\$60/month	\$120/month

 <b>The Trendsetter</b>	 <b>Expense</b>
\$250/month	\$500/month

### ENTERTAINMENT



#### WHAT WILL YOU DO FOR FUN?



 <b>The Stay at Home</b>	 <b>Expense</b>
\$100/month	\$250/month



 <b>The Weekender</b>	 <b>Expense</b>
\$400/month	\$400/month

### FOOD

#### WHAT WILL YOU EAT?

 <b>Basic Basket</b>	 <b>Description</b>
Expense \$400/month	Just the necessities, all store brands

 <b>Common Cuisine</b>	 <b>Description</b>
Expense \$600/month	Mixture of basic goods, name brand items & restaurant meals

 <b>Royal Feast</b>	 <b>Description</b>
Expense \$1,000/month	Mixture of organic, gourmet, name brand items & restaurant meals

### BUDGET

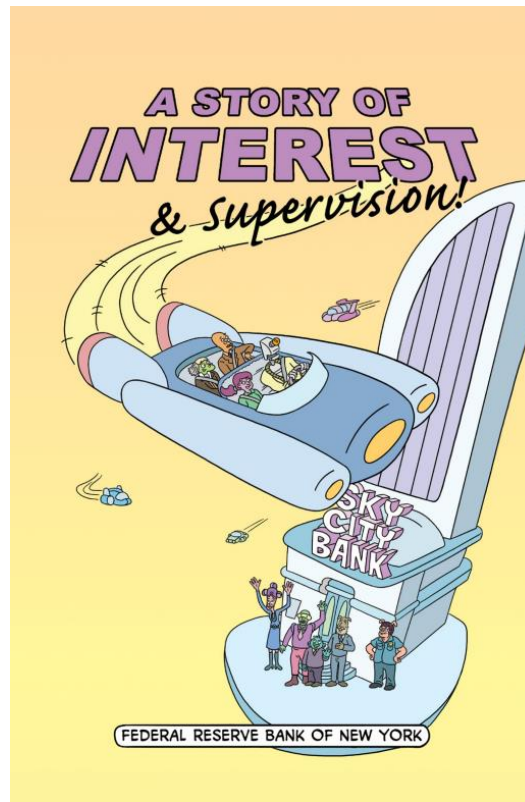
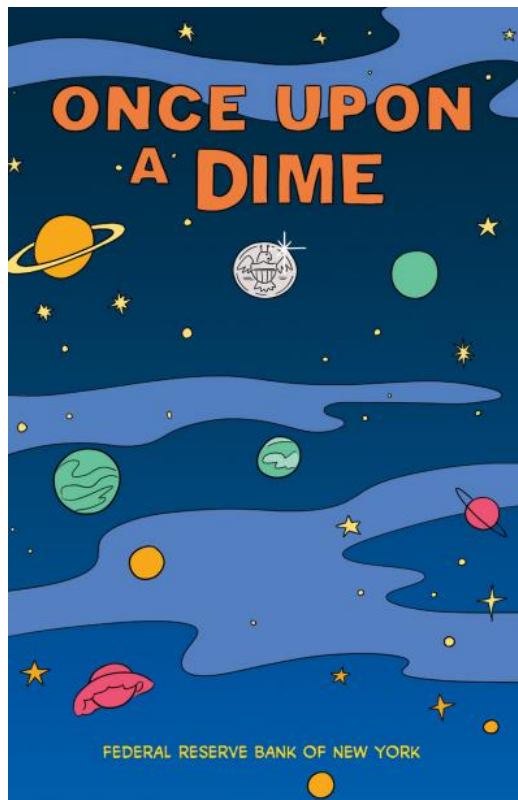
#### TIME TO PAY YOUR BILLS!

Enter your payment information in the appropriate space. Use a pencil in case you need to adjust.

INCOME (to find your income, choose a career from the back.)	MONTHLY \$ AMOUNT
Income	-
- Taxes	-
<b>DISPOSABLE INCOME (Income - taxes)</b>	-
- Student Loan Repayment	-
- Savings	-
<b>MONEY AVAILABLE FOR SPENDING (Disposable income - student loan repayment - savings)</b>	-
- Housing (include utilities)	-
- Food	-
- Clothing	-
- Transportation (include fuel)	-
- Entertainment	-
- Connectivity (include all options selected)	-
- Health Care (average spending)	-\$340
<b>FINAL BALANCE (money available for spending - spending)</b>	-
+/- Chance 1	+/-
+/- Chance 2	+/-
<b>SURPLUS/SHORTFALL (Balance +/- Chance)</b>	-

As you plan for your future, you'll need to check that your budget balance (balance = 0). If your budget is balanced, you've put aside money as savings and planned for your expenses. You'll have a surplus. That means you have more money available to save or spend. If it's an unexpected expense, you'll have a shortfall. You'll need to use some of your savings or reduce your expenses.

## New York Fed - Comic Books





# Consumer Financial Protection Bureau

- Money Monsters Stories
  - Learn about careers.
  - Learn to become good borrowers.
  - Learn to protect their things.
  - Learn to save.
  - Learn what things really cost.

Money Monsters Learn  
What Things Really Cost



# Questions

- Morgan Ackley

[Morgan.ackley@dal.frb.org](mailto:Morgan.ackley@dal.frb.org)