

Debit or Credit?



Girl Scout Senior and Ambassador Activity Guide



The following activities are geared to girls to help them gain financial knowledge in a fun way. Girls will gain practical life skills and develop critical thinking and resolve financial conflict. This will help them better understand how much things cost and how they can budget their money. (helps meet requirements of the Dollars & Sense IP)

Activity I: Dream Item (5 minutes)



Materials:

- paper/pen
- large piece of newsprint

Prepare the newsprint with 3 columns – Title column 1 Name; Column 2 Dream Item; Column 3: Estimated Cost

Have the girls sit in a circle. Tell the girls that they have 2 minutes to think of a “dream item” that they would love to buy but it may be quite expensive. Once the 2 minutes is up, have each girl state her name and her dream item. The adult volunteer should keep a list with each girl’s name and her item for use later (girls will estimate the cost of the item later).

Activity II: My Daily FUNds (15 minutes)

Materials:

- white board/chalk board/newsprint paper
- appropriate marker/chalk

Prepare the white board/chalk board/newsprint with four columns. Title column 1: Name; Title column 2: item; Title column 3: #days/per week; Title column 4: \$ Amount. The adult volunteer will keep track of the girls’ responses while the girls focus on the activity.

Have each girl name an item that she purchases daily or weekly, how much that item costs, and how many times a week the item is purchased. If the girls are stuck it can be an item that they purchase monthly (which would equal 1 day) or it could be their cell phone payment etc.

Example: medium iced coffee, 7 days a week, \$2.00 or eye brow waxing, 1 day, \$20.00 (with tip).

Activity III: Budget for a Dream (25 minutes)

Materials:

- paper, pencils, erasers
- responses from Intro Activity I & Activity II

Give each girl a piece of paper, pencil and eraser. Using their answers from Activity II, have the girls tally up the total cost of their daily item for **one week**.

Example: \$14.00 per week on iced coffee.

Next have the girls figure out and write down how much their daily item costs **monthly**.

Example: \$14.00 per week on iced coffee X 4 weeks = \$56.00/month.

Once the girls are done doing the math, have the girls save their answer sheets for the next part of the activity. Post their answers from Activity “Dream Item.” Ask the girls to work together to guesstimate the cost of each girls’ dream item and write it in the appropriate column (adult volunteer should help the girls guesstimate if need be).

Example: Sally, Prada handbag, \$950.00

Once all of the girls have worked together to guesstimate the dream item’s price, ask the girls to figure out how many weeks/months they would have to go without their daily item to have enough cash saved to buy the dream item.

Example: Sally’s iced coffee is \$14.00/week, the Prada bag she wants is \$950.00. She would have to go about 68 weeks without iced coffee while saving the money she would’ve spent for that Prada handbag. Or the equivalent of about 1 year and 4 months without iced coffee.

Once each girl has figured out how long they would have to go without their daily item for their dream item, ask them:

- Do you think the amount of time you would have to forego your daily item for your dream item is reasonable?
- Do you think your dream item is worth going without your daily item?
- Do you think your dream item is reasonably priced?
- Is there anyway you could have your dream item or something similar at a cheaper cost?
- Is there another way you could save up the money without giving up your daily item?

At Massachusetts’ minimum wage as of July 1, 2009 (\$8.00), how many hours per week times how many weeks would you have to work in order to pay for your dream item? (save your answer to this).

Activity IV: Grandpa Loany (10 minutes)

Materials:

- Girls’ answers sheets from previous activities
- paper
- pen
- copies of the attached word problem/per girls.

Have the girls read and fill in the answers on the word problem sheet to discover the amount of money Grandpa Loany would make off of the interest he plans to charge her for the loan.

When the girls are done with the word problem sheet, ask the girls:

- Was the dream item worth paying the interest?
- Was the dream item worth paying the combined price of the item plus the interest?
- Did you know that 22% is the average amount that credit card companies charge for purchases plus other various fees like annual fees, start up fees, 2% of the daily balance per billing cycle and on and on.

- What if another expense came up while you were trying to save money to pay back Grandpa Loany?
- How much would you pay for another 6 months of added on interest?

Activity V: Take Action at Home: The Meal Deal (10 minutes)



Have each girl go home and talk to her family about how much per week they spend on food. Then have her work as a team with her family members to see where they could save money each week. Have the girls bring in their results to a meeting after about a month.

Note: You can adapt this portion of the program to avoid creating conflicts between girls and their family by creating a hypothetical situation where the troop is the family. Example: Overnight food budget activity.

After giving the girls their take action portion of the program, ask the girls:

- What skills/knowledge did the girls gain from these activities?
- What do they think about “dream purchases” now?
- Is it different from what they thought before?
- What do they think about loans and interest now?
- Is it different from what they thought before?

Grandpa Loany

_____ went to Grandpa Loany to borrow money for _____. She needed _____ dollars
(Your Name) (Your Dream Item) (\$ Amount)

to make the purchase. Grandpa Loany said, "Certainly darling, but I'm going to have to charge you interest. Ya know, money doesn't grow on trees!" _____ said, "Ok Grandpa Loany, how much interest are you going to
(Your Name)

charge me? Grandpa Loany said, "2% per month until you pay me back." _____ said, "Ok, that's fair."
(Your Name)

After, _____ left Grandpa Loany's house she decided she ought to do the math even though
(Your Name)

she was pretty sure that someone as nice as Grandpa Loany wouldn't give her a bad deal. She thought, "After all 2% would be a F on a test so it's gotta be good for interest, it's not like it's 100%!

_____ decided that it would probably take her about _____ to save up the
(Your Name) # months @ min wage?

_____ for the _____. _____ thought to herself, "If it's going to take
(Cost of your dream item) (Your Dream Item) (Your Name)

me _____ months to save up the money to pay back Grandpa Loany, I have to multiply the number of months
(# of months)

times 2% or .02 to figure out how much the interest will cost. Then I have to add the interest cost to purchase price of my

_____ to figure out how much the _____ cost me in total which is _____!
(Dream Item) (Dream Item) (Cost + Interest)

Note: To figure out the amount of time needed to work at minimum wage to make enough to pay back Grandpa Loany, use this formula: Cost of item divided by \$8/hr = # hours needed to work to make enough. Divide that number by 10 hrs per work week = # weeks to make the money. Once you determine the number of weeks divide by 4 to see how many months it would take.

Example Sally wants the Prada bag for \$950/8ph = 118.75 hours/ 10 hpw = about 12 weeks = 3 months. Then take the cost of the purchase (\$950) and multiply it by .02 = "x" "x" is the amount of interest per month that will accrue (or add on). Then take "x" and multiply it by 3 = total cost of interest add that to the original price = total cost of purchase. So for Sally it would be \$950 X .02 = \$19 per month in interest X 3 months = \$57 + 950 = \$1007.00 total purchase price with interest. Or if it took 1 year to pay Grandpa Loany back the cost of the bag would be \$1178.00