

10-09 Class Briefing: Personal Finance Course — Insurance, Credit, Emergency Funds, and Assignment Management

1. Course Context, Instructor Rationale, and Classroom Management

1.1 Instructor's Rationale and Credibility

- The instructor explicitly requested to teach Personal Finance due to perceived deficiencies in previous iterations (reports of “silly games,” superficial projects, lack of learning outcomes).
- Lived experience informing a practical approach:
 - Two divorces, bankruptcy, small business ownership, work as an insurance salesman, using pawn shops to cover bills.
- Emphasis that Personal Finance matters in real life; ignorance in areas like insurance, credit cards, and emergency funds leads to serious consequences.
- The real-world importance of insurance, credit management, and emergency funds is central to the course and exam.

1.2 Course Design and Preparation

- Instructor dedicates 20–30 hours per week to preparation to make the class “decent” and “worthwhile.”
- Uses a structured course website; tests and assignments are posted and accessed via the school site → Personal Finance → “before lunch” section.

1.3 Grading Structure and Performance

- Current class average: 61% (failing at $\leq 60\%$).
- Grade distribution visual: red = failing; orange = D; green = C; dark green = A/B.
- Many students missing multiple assignments over the last three weeks.

- Prior year's weights (for context): Tests 40%, Assignments 40%, Final Exam 20%. Instructor notes that under prior weighting ~45% would be failing; current pooled approach offers more recovery via assignments.
- Tests assess essential knowledge; "I don't know" on insurance, emergency fund, or credit card questions is unacceptable.

1.4 End-of-Quarter Workday Procedures

- Quiet, focused workday to complete missing assignments due by 3:30 PM; otherwise, zeros.
- Seating/behavior:
 - Chairs in a close circle (~10 feet) for announcements/discussion.
 - Phones in backpacks; violations → phones sent to Mr. Naughton.
- ISS policy:
 - Students who goof off, sleep, or avoid work sent to ISS with Chromebook (pre-approved with Mr. Couch).
- Privileges:
 - Students with all current quarter work submitted and at least a C may take phone, Chromebook, and an orange cone to the back hallway for the period.

1.5 Administrative Notes: Attendance, Eligibility, Late Work

- Gradebook updates and late work:
 - Late submissions can be credited if the instructor is notified; otherwise may remain ungraded.
 - Example: item due on the 23rd finished on the 25th; lack of email delayed grading.
- Eligibility:
 - Mention of students on eligibility lists and improving status by completing assignments.

Questions for this topic

- What is the precise process to convert an unexcused absence to excused at this school?
 - Are there standardized email templates for notifying the instructor about late submissions?
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2. Assignment Management, Tools, and Submission Integrity

2.1 Accessing Materials and Classroom Platforms

- Students must join Google Classroom via the provided link to appear in the correct section (e.g., “Personal Finance First Period”).
- Website navigation is essential for tests and assignments (Personal Finance → Before Lunch).

2.2 File Management and Duplicate Copies

- Linked assignments: Opening the link creates a new copy in the student’s folder.
- Students must reopen the previously created file from their folder; clicking the link repeatedly generates multiple blank/new copies (some had multiple partial budgets).
- Recommendation: Check folder for duplicates and continue work on the original file.

2.3 Submission Verification and Corrections

- Immediate corrections during class if the display shows missing work that has been completed.
- After class, students must email the instructor about newly finished work for grading consideration.
- Instructor welcomes quick check-ins, list-based reviews (bring a note card), and incremental grading upon completion of items.

2.4 Language and Form Translation Issues

- A student translated forms to Spanish to read questions and answered in Spanish; submitting the translated version deleted answers due to mismatch.
- Recommendation:
 - Open Spanish translation in one window.
 - Enter answers on the original English form and submit that version.
 - Alternatively, answer in Spanish on the English form if acceptable.
 IMPORTANTE: Esto fue señalado como clave para el examen.
- Always submit on the original assignment form; avoid submitting a machine-translated form that may not match the grading sheet.

Questions for this topic

- Can answers be submitted in Spanish on the English form, and will they be graded equivalently?
 - How frequently does the gradebook refresh after submissions?
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3. Prioritization Strategy and Quick Wins for Grades

3.1 Instructor's Point-Maximization Advice

- Quick/easier assignments:
 - Mr. B's Real World Insurance Problem (25 points; "way faster" than "I Caused an Accident")
 - Savings and Investment
 - Insurance Challenge
 - Emergency Fund
 - Car Insurance Simulation (relatively easy)
 - Horror Stories (quick for most)
- Longer assignments:
 - \$500 (requires research on six items; time-intensive)
 - Buying a Car (takes "forever")
- "I Caused an Accident" labeled a "pain in the butt" with unfavorable effort-to-point ratio.
- Note: Missing work list reflects the last three weeks, not the earlier six.

3.2 Additional Easy Points

- "Do Something Fun" assignment: identified as an easy 25 points; effective for raising grades (e.g., moving ~79.69% to a B).
- Ensure submission of: Food Budget, Renting a House, Taxes (September), Insurance Basics Challenge Questions, Real-World Insurance, Emergency Fund sheet, \$500 Thinking Sheet.

3.3 Instructor Availability and Scheduling

- Teacher availability after lunch (~12:30) for work sessions; expects departure ~3:30–4:00.

- Work periods: options to come in during seventh period or finish by 3:30 if possible.

Questions for this topic

- What is the deadline policy for make-up assignments from August/September?
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4. Core Personal Finance Concepts

4.1 Insurance: Life, Health, Disability, Car

4.1.1 Life Insurance Premiums with Age

- Instructor rejects verbose, off-topic AI-generated answers.
- Correct explanation: Premiums rise primarily because with age (e.g., 20 years older) mortality risk increases.
- Not due to “lifeline policy,” “cash value,” or unrelated jargon when the question is specifically about premium increases.
IMPORTANTE: Esto fue señalado como clave para el examen.
- Core reason for life insurance premium increases with age: increased mortality risk as you get older.

4.1.2 Health and Disability Insurance for Small Business Owners

- Small business owners do not receive employer-provided insurance; they must purchase health and disability coverage individually (e.g., marketplace).
- These costs should be line items in personal/business budgets; even if expensed by the business, premiums reduce profits.

4.1.3 Accident Cost Modeling and Realism

- Lifetime wheelchair costs:
 - High-end standing wheelchairs: \$30,000–\$45,000.
 - Replacement cycles: approximately every six years over ~60 years.
- Critique of unrealistic totals (e.g., \$56,000 for lifetime) and low-quality sources (e.g., \$600 wheelchairs.com) if they understate functional needs.
- Car insurance and accident assignments:
 - “I caused an accident” is time-consuming with lower point yield.
 - Car insurance simulation and emergency fund assignments are quicker and yield points efficiently.
IMPORTANTE: Esto fue señalado como clave para el examen.

- Use credible pricing and realistic replacement cycles for disability-related equipment.

4.1.4 Insurance Priorities for Young People

- Health insurance: Most important.
- Disability insurance: Close second; higher likelihood of being unable to work than dying.
- Life insurance: Optional without dependents, but low-cost term policies (~\$30,000 coverage for \$7–\$8/month) prevent families needing crowdfunding for funeral costs.
- Prioritize health insurance; consider disability insurance as a close second; term life can be prudent even without dependents.

4.1.5 Grading Insights on Insurance Work

- Instructor awards partial/most points when work shows effort and reasonable understanding, even if imperfect.
- Realistic cost assessment emphasized in accident impact scenarios.

Concepts Identified as Difficult/Technical

- Cash value vs. term insurance: Permanent life includes savings components; term life does not. Do not conflate these with age-driven premium changes.
- Lifetime disability equipment costing: Requires realistic pricing and replacement intervals, reflecting quality-of-life needs.

Questions for this subtopic

- Why did my life insurance premiums increase?
- For small business owners: Who provides my health insurance?
- Should disability/accident costs include high-end wheelchairs over multiple replacement cycles?
- What coverage levels are recommended for disability insurance for young workers?
- Under what circumstances should a student prioritize life insurance early?

4.2 Credit and High-Interest Short-Term Borrowing

4.2.1 Payday Loans

- Short-term, high-interest loans typically due in two weeks; full repayment required or borrower pays fee/interest to roll over.
- Debt trap risk: If the borrower lacked \$1,500 initially, unlikely to have it two weeks later; principal persists while fees accumulate.
- Accessibility: Often no credit checks; speed and access are appealing but dangerous.

- Understand payday loan mechanics and rollover cycles that trap borrowers in persistent debt.

4.2.2 Car Title Loans

- High interest; secured by vehicle title.
- Default risk: Loss of the vehicle; pledging essential assets increases vulnerability.
- Title loans are collateralized at high interest; defaulting can result in loss of a critical asset (your car).

4.2.3 Pawn Loans

- Loan-to-value (LTV): Typically ~33% of item's market value; to borrow \$500, item worth ~ \$1,500.
- Collateral risk: Missed payments (~30 days) lead to permanent forfeiture of pledged items (family jewelry, computers, instruments).
- Pawn loans provide limited cash relative to value; nonpayment leads to losing irreplaceable items.

4.2.4 Credit Card Cash Advances

- Very high interest; interest accrues immediately from date of advance (no grace period).
- Requires sufficient available credit (e.g., at least \$500 available for a \$500 advance).
- Potentially useful in emergencies but high cost; approach cautiously.
- Distinguish cash advances from regular purchases: interest starts immediately and rates are higher.

4.2.5 Good vs. Bad Reasons to Use Credit

- Instructor prompts identification of both good and bad reasons to use credit cards.
 - Good reasons: necessity and responsible budgeting implied.
 - Bad reasons: frivolous or non-essential spending.

Concepts Identified as Difficult/Technical

- Payday loan rollover: Fees to extend without reducing principal; compounding cost.
- Collateralized lending: Securing loans with assets (car title, pawned items); failure to repay results in loss of the asset.
- Loan-to-value in pawn transactions: Low LTV protects lender against resale risk.
- Cash advance accrual: Immediate interest at higher APR plus fees.

Questions for this subtopic

- Does "credit" refer to credit cards or loans?

- What are good vs. bad reasons to use a credit card?

4.3 Emergency Funds and Sustainability

4.3.1 Defining “Unsustainable”

- If income stops (e.g., job loss), you cannot sustain housing, car, insurance, food at prior price levels.
- Sustainability means the ability to consistently pay bills and keep financial operations going.
Concept clarification:
- Unsustainable: Financial state where expenses cannot be supported by available income or resources.

4.3.2 Emergency Fund Purpose and Target

- Target: 3–6 months of essential expenses.
- Example: Monthly contribution of \$1,750 until the fund is “full.”
- EF protects against income disruptions and unexpected costs; not for planned purchases.
- Emergency fund should equal 3–6 months of expenses; calculate contributions based on income and expenses.

4.3.3 Using EF in Major Purchases

- Using EF for a car reduces financial resilience; reflect trade-offs in budgets and decision-making.

Questions for this subtopic

- How should students determine whether to target 3 months vs. 6 months (risk factors, job stability)?
 - Should EF calculations include discretionary expenses or only essentials?
 - How should emergency fund usage be reflected in budgets?
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5. Budgeting, Food Planning, and Monthly Projects

5.1 Budget Project Navigation and Integration

- “Budget project” link opens and saves a copy; continue work on that saved file to avoid duplicates.
- Use “side gig” assignment figures directly in the current budget.

- Record numbers in notebooks when forms are not accessible.

5.2 Weekly Food Budget and Meal Planning

- Create a shopping list for one week: three meals per day (breakfast, lunch, dinner).
- Assumption: basic pantry items (spices, salt) may already exist; must purchase weekly food items.
- Use monthly food budget from prior sheet; divide by four for weekly budget; enter that weekly figure.
- Categories to complete:
 - Produce (example: 7 bananas at \$0.25 each = \$1.75)
 - Dairy and eggs
 - Meats and proteins
 - Grains and bread
 - Pantry items
 - Frozen foods
 - Snacks and drinks
 - Eating out (optional—track restaurant spending)

IMPORTANTE: Esto fue señalado como clave para el examen.
- Accurate translation of monthly food budget into weekly budget and comprehensive coverage across categories.

5.3 Taxes, Renting, Utilities, and Other Worksheets

- Common assignments referenced: Food Budget, Renting a House, Taxes (September), Utilities and monthly rate budgeting, Insurance Basics Challenge, Real-World Insurance, \$500 Thinking Sheet.

Questions for this topic

- Is the “other monthly budget stuff to consider” linked correctly?
 - Why does progress not save across “the same thing”? (Answer: repeated link clicks created new blank copies.)
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6. Car Buying: Financing vs. Cash and Course Resources

6.1 “How to Buy a Car” Lecture and Assignment

- Two resources added to the course page: “How to Buy a Car” lecture and “Go Buy a Car” assignment.
- Review carefully; the content is practical and likely useful soon.
Concept clarification:
- Car buying includes budgeting, financing options, total cost of ownership (insurance, maintenance), and negotiation.

6.2 Financing Practices, Down Payments, and EF

Trade-offs

- Most buyers finance vehicles; typical down payment is 10–20%.
- Paying full price in cash is possible but atypical at high purchase amounts (example context: \$48,000 cash vs. financing proportions).
- Using \$5,000 emergency savings for a vehicle eliminates the safety buffer; consider affordability and EF preservation.
- Budgeting implications must match income; instructor verified figures like \$205/month and total contributions (e.g., \$7,685 including EF) in specific cases.

Questions for this topic

- Will the car-buying assignment require real price quotes, or simulated selections?
 - Are financing assumptions provided, or must students calculate APR and monthly payments?
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7. Savings, Investments, and Stock Selection

7.1 Savings Rate and Time Horizon

- Example: money at 4% interest; compute returns for specified horizon (student entered a 15-year figure when prompt sought 1-year).
- Partial credit given for effort even if the requested number differed.
Concept clarification:
- Savings interest example: Principal at 4% annual interest; compute simple or compound based on instructions.

7.2 Investment Selection Strategy

- Requirements:
 - Three individual blue-chip stocks.
 - Three funds/sector choices.
 - One “safe vehicle.”
 - One additional vehicle from the provided list.
- Selection method suggestions:
 - News-based catalysts: acquisitions, major policy changes, lawsuits, earnings.
 - Defensive choices (e.g., Pepsi, Procter & Gamble): lower volatility.
 - Growth/Tech (e.g., Apple, Microsoft): AI/cloud developments, strong quarterly results.
 - Healthcare: often defensive.
 - Cyclical industrials (e.g., 3M): riskier in uncertain economy.
 - Banking: plausible depending on macro conditions.
- Practical tip: Use AI tools to screen and justify choices with recent news/momentum; verify with articles.
 IMPORTANTE: Esto fue señalado como clave para el examen.
- Provide rationale tied to current news and sector dynamics; prepare first-, second-, and third-choice backups.
 Concept clarification:
- Blue-chip: Large, established companies with stable earnings and reputations.
- Defensive stock: Less sensitive to economic cycles; stable in downturns.
- Cyclical: Performance tied closely to economic expansion/contraction.

7.3 Investment Projects and Extra Credit

- “Investment Fantasy League” opening research submission; instructor checks list of respondents; ensure pressing “send”/submit.
- Extra credit components (e.g., starting at question 12 in a second part) can significantly impact grades (context of 7% return mentioned).
- “Millionaire Plan” calculations: aggregate starting figures and add subsequent contributions (e.g., add \$200,000 then \$500,000); verify realism against income (e.g., not claiming \$109,000/year without basis).
 IMPORTANTE: Esto fue señalado como clave para el examen.
- Ensure investment growth assumptions (rate of return, contributions) align realistically with income and documented budget data; verify submissions are properly recorded.

Questions for this topic

- Are students required to use specific sources for news validation (e.g., company IR pages, trusted financial media)?

- How will overlapping picks be resolved—first-come-first-served or instructor assignment?
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