09-11 Personal Finance Lesson: Debt, Budgeting, and Test Administration

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Instructor and Classroom Status

Instructor's Health and Schedule

- The primary speaker/instructor is sick, feeling unwell all day, and will be going home after lunch.
- They will be absent from work tomorrow, and Miss Amanda is scheduled to cover the seventh-period class today.

Test Administration and Content

Test Questions and Grading

- **Main Questions:**A two-part question was posed about employment, asking for reasons a person might take a second job and for examples differentiating a "side gig" from a "part-time job."
- **Additional Content:**The test also includes a calculation question about buying a car and two optional extra credit questions.
- **Grading Policy:**The focus is on the content of the answers; spelling and grammar mistakes will not lower a student's grade.

In-Class Administration and Support

- **Time Management:**Multiple time checks were announced during the test, including 25, 18-22, 15-20, 12-13, and 5-7 minute warnings, culminating in a final 4-minute warning.
- **Technical Assistance:**Students were permitted to use the computer's calculator but discouraged from using phones. Assistance was provided for a student who was signed out of their test (they were able to sign back in without losing work) and for another who needed a spare computer component.
- **Completion:**Students were instructed to finalize their last few questions. Those needing more time were advised they might have an additional 5-8 minutes at the end of the class period.

Personal Finance Lesson

Introduction to Finance in Relationships

- **Collaboration is Key:**The management of finances in a marriage should be a collaborative effort, with couples working together on budgeting and understanding debt. A partner's refusal to share financial control is a major warning sign, as money problems are a leading cause of breakups.
- **Hidden Budget Expenses:**Habits like smoking and drinking can add significant, often overlooked, costs. For example, a $10/pack-a-day smoking habit costs ~$310/month, and drinking a bottle of wine 3-4 times a week can cost ~$240/month, totaling over $550/month with no tangible household benefit.
- **Types of Expenses:**Conflict can arise when one partner views a **variable expense**(optional, like smoking) as a non-negotiable **fixed expense**(like rent).
- **Key Concepts:**Students were told to note the **NSF (Non-Sufficient Funds) Fee**(cited as $30), which is a complete waste of money, and the high cost of weddings, which can start a marriage with significant debt.

Case Study: "Till Debt Do Us Part" - Dan and Alina

- **Initial Financial Profile:**Despite a **$250,000**gift from Alina's mother for their house, the couple had a **$40,000 mortgage**and had accumulated **$60,000 in consumer debt**in two years. They were overspending by **$4,000 every month**and were projected to be **$460,000 in debt**within five years.
- **Spending Issues:**Dan's personal spending totaled nearly **$11,000 per year**, including **$209/month in bank fees**, cigarettes, restaurant lunches, and a **$3,000/year gym membership**he never used.
- **High-Interest Debt:**The couple had a **$14,000 wedding loan at a 29% interest rate**. After two years of payments, they had only paid off **$550**of the principal.
- **Intervention and Challenges:**
    1. **Goal:**To eliminate their debt and create a sustainable budget for a **$5,000**reward.
    2. **New Budget:**They were put on a strict cash-only budget with weekly allowances for food ($175), transportation ($81), entertainment ($25), and clothing ($22.50).
    3. **Challenges:**Alina was put in charge of finances and tasked with finding a cheaper bank account. Dan had to convince his mother-in-law to co-sign a debt consolidation loan. Alina was challenged to find a way to earn money from home. The couple was required to use the expensive gym membership together.

2. **Outcomes:**

- The mother-in-law co-signed the loan, allowing them to roll their high-interest debt into their mortgage, saving a projected **$19,000**over six months.
- Alina planned to start a home daycare to earn an additional **$1,000/month**.
- By tracking their spending, they saved an extra **$60**in the first two weeks.
- They eliminated their $4,000 monthly deficit and created a budget with **$3,600 in annual savings**, which could grow to **$600,000**in 35 years.

Post-Video Analysis

- **Debt Consolidation:**It was clarified that the couple combined their consumer debt with their mortgage, resulting in a single $80,000 mortgage at a lower rate. This reduces total interest but increases the monthly mortgage payment.
- **Unseen Costs:**The show did not address additional costs for the home daycare, such as liability insurance or licensing fees.
- **Unresolved Issue:**The final outcome regarding the purchase of a new car was not detailed.

Next Arrangements

[ ] Finish and submit the test.
[ ] Answer the two extra credit questions if possible.
[ ] After submitting the test, bring your Chromebook and go to the "big TIV".
[ ] Alternatively, bring Chromebooks to the front of the class for a video presentation.
[ ] Finish answering all questions related to the video and turn in the assignment.