

The M. Ellen Carpenter Financial Literacy Program

A joint project of the United States Bankruptcy Court for the District of Massachusetts and the Boston Bar Association

DESCRIPTION OF PROGRAM MODULES

The Financial Literacy Education Program consists of the following four modules, each lasting approximately one class period. The program is designed for senior class students (although if space permits, a junior class may be considered.) The modules are designed to be taught independently, so that a school does not need to choose all of the modules. We expect the classes to be taught in late January through April, 2013.

1. Personal Finances and Budgeting. This module is designed to begin talking about money, and how to decide how to save it and how to spend it. Students will first discuss the income side of the budget, and learn more about paychecks, payroll deductions, taxes, and the w-4 tax form. Students then discuss planning for spending and saving money, what a budget is and why having one is a good idea, basic terms such as income (gross and net) and expenses (both variable and fixed), identifying short-term and long-term goals, and recognizing your money values (what you want to spend your money on). Finally, students will learn about bank accounts, how to shop for a checking account (evaluating the costs and bank fees involved), how to use an ATM card or a debit card, and how to balance a checkbook.
2. Using Credit and Credit Cards. This module discusses credit in general as well as credit cards and how they work. The session will provide context and explanation for credit card terms, such as Annual Percentage Rate, grace period, and minimum payments, and discuss the costs of credit, such as interests and fees, and the effect of making only minimum payments. Students will discuss examples highlighting the difference in cost when purchasing an item on credit. Finally, it will include a discussion of about using credit cards wisely, such as tips for their use and questions to ask when making a purchase on credit.
3. Financing a Car. For many students, buying a car and financing it will be their first major purchase and financial transaction. The module includes discussions on calculating how much a buyer can afford to finance, the actual and hidden costs of a car (such as taxes and fees, insurance, repair and maintenance), how to shop for a car loan and leasing vs. purchasing a vehicle.
4. Consequences. This module provides the opportunity for a field trip to the Bankruptcy Court, where a sitting bankruptcy judge and bankruptcy practitioners demonstrate the consequences and risks of poor credit card use by conducting one or more mock hearings, including a hearing regarding the repossession of a car. The session also includes a discussion of what happens when you get into financial trouble, highlighting the penalties that can be imposed, such as increased interest rates on credit cards and late fees, bad credit, and the risk of repossession of purchased items. It also includes a description and brief overview of bankruptcy.