LIFE
SCENARIOS

BY
Banzai!

TEACHER’S GUIDE
LIFE
SCENARIOS

TEACHER’S GUIDE

Banzai!

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GETTING STARTED
WITH BANZAI

SUPPORT

We want you to feel comfortable and confident using Banzai. To ensure you are fully supported, we offer our three-fold support pledge:

カメラ A comprehensive help website
help.teachbanzai.com is designed to get you the answers you need immediately. Search topics, questions, anything.

✉ One hour email support
During business hours (9am - 5pm CST), our support team will respond to your email or support request within an hour. You can easily send us your question by visiting the help site, or simply by emailing us at support@teachbanzai.com.

📞 Call us
We'll pick up, instantly. During business hours (9am - 5pm CST), call our number, 888-822-6924 (888-8-BANZAI), and we'll be there to help you.

REORDERS

Banzai’s intuitive design makes it perfect to use year after year. We hope as you begin to feel comfortable using the program, you will want to reorder updated materials for future terms and classes.

Once per term you will receive an email with the opportunity to reorder Life Scenarios booklets for your new classes. Simply click on the link in the email and fill out the form to receive the booklets you need for the new term. As always, the materials come at no cost to you.
FREQUENTLY ASKED QUESTIONS

💬 How do my students sign up?

- Each student will sign up for his or her own Banzai account
- On their own computer, have each student visit www.teachbanzai.com
- Click Sign Up Now, and then Student
- Students are not required to enter email addresses. Instead, they can simply use a username of their own choosing
- Finally, have them enter the Class Code that was generated when you, the teacher, signed up

💬 How long does Banzai take to complete?

Banzai is flexible. It is designed to fit your schedule. As a minimum, plan two to three classroom hours to complete Life Scenarios. However, if you want to expand the lessons, it can last as long as you choose.

💬 How does Banzai align with my curriculum?

We've already done the work to help you easily align Banzai with your curriculum. To see how Banzai aligns with your state’s standards, simply check out our state-by-state curriculum alignment documents online at teachbanzai.com/curriculum-alignment.

💬 What are Life Scenarios?

The Life Scenarios booklet is the base of Banzai’s curriculum. It works as a guidebook for Banzai’s online simulations.

Using Life Scenarios, your students will receive fictional income and expense transactions similar to those they’ll encounter in real life. As they track their progress, they will learn important life lessons about budgeting and making trade-offs.

A digital version of Life Scenarios is available for download in the “Toolkit” link from your online Banzai teacher account.

💬 Is Banzai mobile friendly?

Yes! Most students use a PC to access the online program, where Google Chrome and Internet Explorer 11 / Microsoft Edge are the preferred browsers. Banzai is also optimized for use with Safari on Mac, as well as Chromebooks and even iPads.
Dear Educator,

We’re so pleased you’ve decided to use Banzai in the classroom. We’re confident you’ll find it to be an outstanding system for teaching financial literacy to your students. The dynamic online interface offers a hands-on experience and superior learning outcomes.

The Banzai program wouldn’t work without its partners, including your local sponsor. This sponsor has made Banzai available to you through a generous donation, and is pleased to provide you with the included printed copies of Banzai Life Scenarios completely free of charge. These booklets can be used in your classroom along with our online tools at www.teachbanzai.com.

If you need assistance, click the Help link at the top of the page. Once each student has signed up to use the system, they can begin working through the Life Scenarios.

This Teacher’s Guide has been created to help frame various financial literacy topics for classroom discussion. Each Scenario is matched to a series of related questions or statements designed to help students better understand the Scenario’s application. If you’d like to explore the topic in greater depth, a link at the bottom of each Scenario will take you to additional free online resources.

We hope you’ll take the time to let us know what you think. You may reach us anytime by email at support@teachbanzai.com or by calling us toll-free at 888-8-BANZAI (888-822-6924).

Warm regards,

THE BANZAI TEAM
**SCENARIO 1: RENT**

💬 **Why is good credit important when renting an apartment?**
Your landlord will run a credit report before he agrees to rent to you, so he can find out if you have a history of paying your bills on time. If you have a low credit score, he will either be less likely to rent to you, require a bigger deposit, or charge higher rent.

💬 **How much does it cost to rent an apartment in your area?**
The average one-bedroom apartment can cost anywhere between $300-$3,000 per month. This depends heavily on where you live, with Hawaii being the most expensive.

💬 **What happens if you can’t pay your rent?**
Initially, you will be charged a late fee—even if the payment is only one day late. If you still fail to pay, you may be evicted from your apartment, and the amount you owe will be sent to a collection agency. Your credit rating will also go down, significantly decreasing your chances of qualifying for a mortgage, or even a car loan. If you cannot pay your rent, talk to your landlord; they may be able to work something out with you by extending the deadline or waiving a late fee.

💬 **How long does an eviction stay on your credit history?**
Seven years.

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**Practical Money Skills: Renting an Apartment**

teachbanzai.com/teachers-edition/1

💬 **What are the advantages to renting an apartment?**
- Less money up front, and a shorter time commitment versus buying a house.
- More freedom to easily relocate.
- No stress related to maintenance, repairs, and other costs of owning a home.
- Typically less expensive per month than buying.
- Renting can also help build your credit score.
**SCENARIO 1: RENT (CONT’D.)**

💬 What is a lease?
A lease is a binding agreement containing the terms and conditions for both the owner (lessor) and the renter or tenant (lessee).

These terms include:
- Monthly rental price
- Payment due date
- Term (length)
- Consequences for violating terms
- Restrictions
- Policies on pets
- Who will pay for repairs and maintenance and utilities

💬 Why is cosigning required?
Sometimes a landlord is concerned that you might not be able to make your payments and will require a cosigner. Cosigners share financial responsibility for the lease and must make the payments if you can’t. A cosigner is often a parent, grandparent, or significant other. A cosigner can be required any time credit is extended, and is not uncommon on car loans or mortgages, particularly when the borrower does not have a long credit history.

**SCENARIO 2: PAYCHECK**

💬 What is the difference between gross and net income?
Gross or “pre-tax” income is your hourly rate multiplied by the number of hours you’ve worked. Net income is your “take-home-pay,” or the amount you actually receive after taxes.

💬 Why do we pay Social Security taxes?
Social Security is a government program designed to provide income to working Americans and their families after retirement, disability, or death.

💬 What are Medicare taxes for?
Medicare is like Social Security, except it is used to specifically provide medical services to Americans after they retire.
How much can a high school graduate expect to earn in your area?

On average, young adults (age 25-34) with a high school degree earn $30,000 per year. With a bachelor’s degree they earn, on average, $46,900 per year.

What are the benefits of using direct deposit?

Direct deposit lets your employer place your paycheck directly into your bank account. Choosing direct deposit saves you a trip to the bank and eliminates the risk of losing the check. You can also access the money sooner.

Understanding Social Security

teachbanzai.com/teachers-edition/2

How does Social Security work?

Throughout your career, a portion of your earnings is paid into a trust fund by paying Social Security or self-employment taxes. Your employer is required to contribute an equal amount. By paying money into the Social Security fund during your working years, you and your family members can receive income at retirement or if you become disabled.

Who is eligible for Social Security?

To be eligible for Social Security benefits, most people need to build up to 40 credits. Fewer credits are required for disability and survivor’s benefits. Credits are earned as you work and pay Social Security taxes. Depending on the amount of income you have, you can earn up to 4 credits per year.

Fun fact

Beginning in 1936, the United States began assigning Social Security numbers to citizens to track income and determine entitlement benefits. Since then, the Social Security number has become a nearly universal personal identification number and is assigned at birth.

SCENARIO 3: GAS N’ GO

What factors influence your car’s fuel economy?

- Your driving habits: The faster you go, the less you can drive on a tank of gas.
- Some cars are designed to get better gas mileage, so check before you buy.
- A well maintained car has better fuel economy.
**SCENARIO 3: GAS N’ GO (CONT’D.)**

💬 How much can I save in fuel costs?
Depending on your vehicle, you can save as much as $1,000 or more each year. For example, if the average car is driven 15,000 miles per year and gas costs $3.00 per gallon, a car that gets 35 miles per gallon will cost you $1,285 a year in gas, while a car that drives 20 miles per gallon will cost $2,250.

Why Is Fuel Economy Important?
🔗 teachbanzai.com/teachers-edition/3

💬 What are the benefits of fuel economy?
- It saves you money.
- Reduces pollution from car exhaust.
- Increases our energy sustainability.

**SCENARIO 4: ATM WITHDRAWAL**

💬 What is the difference between paying with cash, debit, or credit cards?
Discuss the pros and cons of each form of payment.

Cash
- Cash is the most universally accepted form of payment.
- Some stores offer discounts to use cash over a card.
- Studies show that you will spend 12-18% less on average when you pay with cash.
- Don’t carry too much—if you lose it, you can’t get it back.
- No easy or automatic way to track your expenses with cash.

Debit Card
- A debit card is linked directly to your checking account.
- Safer and more convenient than carrying cash.
- Access to cash from an ATM, or “cash back” at the store.
- Secured by a PIN, a four-digit number that only you know.
- Fraud protection through your bank if someone steals your card.
- Automatic history of where you spent your money.
- Unlike a credit card, you can’t spend more money than you have. If you try, you might be charged an overdraft fee.
Credit Card
- You are borrowing money in a short-term loan from your card issuer.
- If you don’t pay off your monthly statement in full, you’re charged interest on the remaining balance.
- Be careful— you can quickly accrue far more debt than you can easily pay off.
- Credit cards are convenient, offer fraud protection and sometimes offer rewards like cash back, points, or travel credits.
- If used responsibly, can be a helpful short-term way to borrow money.
- In 2016, the average household had over $16,000 in credit card debt.
- Credit cards will affect your credit score. Keep them paid off on time and your score improves. Pay late or spend over the limit and you’ll be subject to fees and higher interest rates, and your credit score will drop.

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<td><strong>Total</strong></td>
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Don’t forget the tip!

You and some friends went out for breakfast... your treat! With tip, the tab came to $17.08. You paid in cash and took the money from your FOOD jar.

Indiana Department of Financial Institutions: Debit Cards vs. Credit Cards

SCENARIO 5: FLY AWAY CAFÉ

💬 Why does the total on the receipt differ from the total amount paid?
The receipt does NOT include a tip.

💬 What is an appropriate tip at a restaurant?
- Typically 15–20% of the pre-tax total is customary.
- Don’t ignore stellar service! If someone goes above and beyond, it’s encouraged to tip more.

💬 How much should you tip for various services?
Opinions vary depending on where you are and the type of service. Here are some examples:
- Sit-down restaurant: 15–20% of the pre-tax bill
- Food Delivery: 10–15% of the bill
- Valet: $2–$5 when the car is returned to you
- Travel skycap: $2 first bag, $1 per additional bag
- Bellhop: $2 first bag, $1 per additional bag
- Housekeeper: $2–$5 per day, left with a thank you note
- Taxi Driver: 15–20% of the fare
- Hair Salon: 15–20%

The Emily Post Institute: Tipping Guidelines
[teachbanzai.com/teachers-edition/5](teachbanzai.com/teachers-edition/5)
SCENARIO 6: RITEPRICE GROCERY

What are effective strategies for saving money on groceries?

- Use coupons and price matching
- Buy in bulk
- Shop at stores with the best prices
- Stock up when items go on sale
- Check per unit prices of various sizes
- Avoid name brand items
- Plan meals around in-season or on-sale items
- Ask for a “rain check” on sold out sale items
- Sign up for your store’s loyalty card for additional savings

US Department of Agriculture: Healthy Eating Menu Planner

teachbanzai.com/teachers-edition/6

SCENARIO 7: COMMUNITY SPECTRUM EXPO CENTER

These concert tickets were expensive. What are cheaper sources of entertainment in your area?

- Parks
- Libraries
- Museums
- Community sporting events
- Events at local churches, schools, or community centers
- Free or reduced tickets to special events at zoos, galleries, museums, or historical sites
- State, county, and local fairs
- Festivals and parades
- Join a club
- Camping or other outdoor activities
- Volunteer opportunities
Patient Number: 04827656
Physician: DR ANH NGUYEN, MD
Date: JANUARY 5
Time Seen: 00:48
Reason for Visit: PATIENT FELL ON HEAD WHILE ATTENDING CONCERT. COMPLAINS OF BLURRED VISION, DIZZINESS.
Diagnosis: 2 MM ABRASION ON FOREHEAD.
Treatment: APPLIED BAND-AID.

Physician Signature:

Billing Information
Patient Insurance Company: NONE
Policy Number: N/A
Comments: PATIENT IS UNINSURED.

Payment Information
Total Charges: 450.00
Amount Paid by Insurance: 0.00
Amount Due from Patient: $450.00
Payment Notes: Balance paid in full by credit card.

You hurt yourself at the concert. Because you’re uninsured, you had to put the full amount on your credit card! Since this was an emergency, you can take it from your RESERVES jar.

SavingAdvice.com: Free (Or Nearly Free) Entertainment Ideas

At home, you can:
• Read
• Listen to podcasts
• Watch movies
• Plan get-togethers with friends
• Play sports or games
• Listen to music
• Learn a new hobby or skill
• Go for a walk or bike ride

SCENARIO 8: MERCY CENTRAL HOSPITAL

What was the impact of going to the emergency room without insurance?
You are responsible for paying the entire bill yourself! If you have a financial hardship or inability to pay, you may be able to negotiate a lower rate, especially if you can pay up front.

What are the benefits of having medical insurance?
You can avoid the risk of paying completely out of pocket for unexpected medical expenses in exchange for a set monthly premium. Unpaid medical costs can accrue interest and be sent to a collection agency. Insurance companies can also save you money by negotiating lower rates for medical procedures and medications. Insurance policies typically limit the amount you have to spend out of pocket each year.

What are some different ways to obtain medical insurance?
• Qualify as a dependant of someone who is insured
• Purchase an individual policy
• Through your employer
• Qualify for government insurance like Medicare or Medicaid

The balance in the Reserves jar is now negative. What does this mean?
You’re in debt.

Health Insurance Basics: Why It’s Important and How to Choose

Health Insurance Basics: Why It’s Important and How to Choose
**SCENARIO 8: MERCY CENTRAL HOSPITAL (CONT’D.)**

- **What would the cost be without health insurance?**
  - Fixing a broken leg can cost up to $7,500.
  - A three-day hospital stay is around $30,000.
  - Cancer treatment can cost hundreds of thousands of dollars.

- **What is a deductible?**
  The amount you pay for covered health care services before your insurance plan starts to pay.

- **What is an out-of-pocket maximum?**
  The total amount you might pay out of pocket on health care costs in a year. After this, your insurance pays 100% of health care costs for the rest of the year.

**SCENARIO 9: AMALGAMATED BANKCARD SERVICES**

- **Why are you unable to pay the entire credit card bill?**
  You don’t have enough money in your checking account.

- **What are the consequences of not making a payment by the due date?**
  Late fees, dramatically higher interest rates, and a damaged credit history.

- **What is a grace period?**
  The time the bank gives you to pay off the balance of your credit card in full before they charge you interest.

- **You have a remaining $260.11 left on this credit card. If your interest rate is 14.95% APR, and you only pay the minimum $20/month, how long will it take to pay off this card, and how much interest will you be charged?**
  It will take 15 months to pay the rest of the balance, and you will be charged $25.43 in interest over that time.

- **What if you ONLY made minimum payments on the entire $585 balance?**
  It would take 37 months to pay the full balance, and you’d be charged $147.12 in interest over that time. Ouch.
What are the 4 steps to help you choose the right credit card?

1. Decide how you plan to use the card. For example, will you pay off the balance in full each month? If so, choose a card with low fees and high rewards. If not, choose the lowest interest rate card.
2. Know what to compare (APR, fees, and teaser rates)
3. Shop around. Compare offers you've received in the mail with online offers.
4. Ask your current bank or card issuer to match or beat the best deal you can find.

The Federal Reserve Board: Choosing a Credit Card
🔗 teachbanzai.com/teachers-edition/9

**SCENARIO 10: CITY PARKING AUTHORITY**

🔍 You write a check for $25.00, but there's only $2.21 in your bank account. What does this mean?

You're overdrawing your checking account by $22.79. The bank may honor your check and allow your account to go negative, or, they might refuse to pay (bounced check). Either way, they'll charge you a fee.

University of New Hampshire: Getting and Keeping a Checking Account
🔗 teachbanzai.com/teachers-edition/10

🔍 What are the typical requirements to open a checking account?

- Some financial institutions charge a fee each month if you don't keep a certain amount in your account. (Minimum balance)
- At least 13 years old to have a debit card if a parent is also listed on the account. 18 years old to open an account independently.
- Before signing up for a checking account, it is important to ask about the different fees that could be charged to you.
SCENARIO 10: CITY PARKING AUTHORITY (CONT’D.)

- How do I get money into my checking account?
  - Deposit cash or checks at a local branch or ATM.
  - Deposit checks using a smartphone app.
  - Direct deposit your paycheck through your employer.

SCENARIO 11: OVERDRAFT FEE

- Why are you charged an overdraft fee?
  You spent more money than you had, so the balance in your account is negative.

- The bank could have bounced the check instead. What would have happened then?
  The city would have demanded immediate payment for your parking ticket and could have even referred the matter to the police! They can also charge you a returned check fee.

Protecting Yourself from Overdraft and Bounced-Check Fees

- Why would an overdraft and bounced check occur?
  If you write a check, withdraw money from an ATM, use your debit card to make a purchase, or make an automatic bill or electronic payment for more than the amount in your checking account, you will overdraw. This will result in a varying fee charged to you.

- How can you protect yourself from overdraft and bounced-check fees?
  Banks will often offer different “overdraft protection” or “bounce coverage” plans. This will allow transactions to go through, although, there might be related fees to pay. The best way to protect yourself from additional fees is to simply manage your account and accurately track your spending.
### SCENARIO 12: PAYCHECK

#### What is a W-4?
When you start a job, your employer will ask you to fill out a W-4. This form determines the amount of taxes to be withheld from your paycheck. If you withhold too little, you’ll owe taxes at the end of the year to the IRS.

#### What happens if you ask your employer to withhold too much?
You’ll receive a tax refund at the end of the year.

### IRS Withholding Calculator
🔗 [teachbanzai.com/teachers-edition/12](https://teachbanzai.com/teachers-edition/12)

#### How do I estimate my taxes?
The online calculator at teachbanzai.com/teachers-edition/12 will help you calculate your correct withholding. Be sure to have your most recent pay stubs, income tax return, and estimate values, if necessary.

### SCENARIO 13: ATM WITHDRAWAL

#### What is an ATM?
An ATM is an “automated teller machine”. It lets you withdraw money from your checking account from nearly anywhere in the world.

#### How do you avoid fees?
Avoid ATM fees by using machines operated by your financial institution, or use the “cash back” option when making a purchase with your debit card. Keep in mind most stores limit the amount of cash back you can receive.

### How You Can Avoid Rising ATM Fees

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**Earnings rate hours this period year to date**

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**Gross Pay**

- $380.00
- $780.00

**Deductions**

- **Statutory**
  - Federal Income Tax: -33.19
  - Social Security: -23.56
  - Medicare: -5.51
  - State Income Tax: -10.00

**Net Pay**

- $307.74
- $629.95

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**Another week, another paycheck. Split it across your jars as follows:**

- **$225.00** for gas (Car)
- **$45.00** for groceries and restaurants (Food)
- **$5.00** (Other)
- **$32.74** remains for emergencies. (Reserves)

**Scenario 12: ATM Withdrawal**

You used the ATM at the gas station and got hit with a “convenience fee”! Enter two transactions: first a transfer of $40.00 between checking and cash. Then, enter an expense of $2.50 from checking, taking the amount from the OTHER jar.
**SCENARIO 14: OUR TOWN CONVENIENCE STORE**

- **What is gasoline tax?**
  Travel-related consumption tax that is directly responsible for the maintenance of the roads upon which you drive.

  Gas taxes vary by state, but the average rates in the US are:
  - State Excise Tax (avg) 20.76 cents/gallon
  - Other State Taxes (avg) 9.71 cents/gallon
  - Federal Excise Tax 18.4 cents/gallon
  - Total Taxes (avg) 48.86 cents/gallon

**Gas Tax Rates by State**

- teachbanzai.com/teachers-edition/14

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**SCENARIO 15: BANK STATEMENT**

- **Why doesn’t the bank statement show all of your checking account transactions?**
  Not all your transactions cleared the bank before the statement was generated on January 12th.

- **Which transactions are missing from this statement?**
  The ATM withdrawal and fee from Scenario 13.

- **How can you verify the current balance of your account?**
  By keeping a written record of your purchases (check register), going to an ATM, checking your bank account online, or by calling your bank.

- **What does it mean to “balance your checkbook?”**
  It means to record all deposits and withdrawals made to your account.

- **Why do I need to balance my checkbook?**
  Having each transaction recorded in your checkbook allows you to know how much money is in your account at any given time.
How do I balance my checkbook?

Have the most recent statements that were either mailed to you or find your checking account history online.

1. Review each item on the statement or history and check off the transaction in your checkbook register.
2. Verify that each transaction amount matches with the one you wrote down in your check register.
3. If you find a transaction you don’t recognize, contact your bank or credit union. Fraudulent activities are more easily resolved if you report them immediately.
4. Once transactions are checked off, circle the transactions you didn’t check off in the check mark column. This will signify any outstanding checks or deposits that haven’t cleared yet.

University of California San Diego: How to Balance Your Checkbook

🔗 teachbanzai.com/teachers-edition/15

SCENARIO 16: TAX REFUND

What might you do with a tax refund?
Well, anything, actually. It’s your money. But, a tax refund often presents an awesome opportunity to; pay off debt, push towards a savings goal, open a savings account, invest, or prepare for a rainy day.

What are the benefits of an emergency fund?
A “rainy day” fund helps prepare you for unexpected life events, such as the loss of a job, medical bills, or car repairs. Do these things happen?
Yes (after high school, all the time)!

How large should your emergency fund be?
Set a goal to have an emergency fund that covers at least 3-6 months worth of personal expenses, including rent, food, car insurance, etc.

Is it beneficial to have a large tax refund?
Not necessarily. As nice as it may be to have some extra money later, you are actually just giving the government an interest-free loan. Alternatively, you could be using this money to pay your own interest and expenses throughout the year.

Practical Money Skills: Use Your Tax Refund Wisely
🔗 teachbanzai.com/teachers-edition/16
**SCENARIO 17: TRADER MOE’S**

- Higher-quality food costs more. What are some ways to eat healthy on a budget?
  Plan ahead and shop accordingly, avoid waste, learn to cook simple dishes with natural ingredients, buy fruits and vegetables that are in season (for example, strawberries are much cheaper in the summer), and buy frozen or canned fruits and vegetables. Check the per unit price and make sure you’re getting the most for your money. Shop at farmers markets for local produce at the best prices.

- Junk food might be the cheapest, but is it the best choice?
  No. Junk food is typically low in nutritional value and high in calories and sugar, which can lead to increased risks of obesity, heart disease, or diabetes—all recipes for financially disastrous health care costs.

**US Department of Agriculture: Steps to Healthy Economical Meals**

教唆者: teachbanzai.com/teachers-edition/17

- Where can you shop?
  Grocery stores, ethnic markets, dollar stores, retail supercenters, wholesale clubs, and farmers markets.

- What is the unit price and where is it found?
  The unit price tells you how much an item costs per pound, ounce, quart, etc. To find the unit price, you take the retail or total price and divide it by the size. For example, the unit price for a 16 oz sport drink that costs $2.88 would be $0.18. ($2.88/16 oz).

**SCENARIO 18: AUTO LOAN**

- How was the monthly interest payment on the auto loan calculated?
  Interest is calculated based on an annual percentage rate (or APR). The total principal outstanding ($10,000) was multiplied by the annual interest rate (9%) and divided by the number of months in the year (12) to determine the monthly interest payment.
How was the monthly principal payment calculated?
The total monthly payment was predetermined to be $207.58. So, after paying $75.00 towards the interest, $132.58 remains to be applied towards the principle.

How long will it take you to pay off this car loan, and how much will you be paying in interest over the life of this loan?
It will take 60 months (or 5 years) to pay off this car, in which time you will be paying $2,454.80 in interest. (60 x 207.58 = $12,454.80 - $10,000)
This is in addition to the $10,000 in principle that you owe. Remember, interest is the “cost of borrowing”.

What happens if you fail to make your auto loan payments?
Your financial institution may repossess your car and your credit score will go down.

What happens when you have a poor credit score?
It becomes more difficult and expensive to obtain loans, insurance, or a home or apartment to rent. A low credit score can even impact your ability to find a job.

What is the difference between Direct Lending and Dealership Financing?
When financing a car, you can either finance by direct lending or through a dealership. Direct lending is when you get a loan directly from a bank, finance company, or credit union. You agree to pay over a period of time with additional charges and use this loan to pay the dealership for your vehicle. Financing through a dealership is similar. You agree to pay over a period of time, determined in the contract, and the dealer has the choice to keep the contracted loan or sell it to a financial institution.

What is the difference between buying and leasing a car?
• When you buy a car, you have to be prepared to either pay up front or arrange for financing. Once it’s paid for, you can sell it whenever you choose.
• When leasing a car, you agree to use it for a set number of months and miles for a price that is less than the purchase price. At the end of the lease, you are able to return the vehicle or buy it by paying the remaining residual value. If the car isn’t in good condition, or if you drive too many miles, you’ll have additional fees to pay.
**SCENARIO 19: PAYCHECK**

Roland’s Bookstore pays its employees weekly. On what other pay schedules do employers operate?
Every other week, two times per month, or once per month. Most employers pay employees every two weeks.

How much in withholdings will be taken from my paycheck?
This amount varies by state, and according to how much money you make, but here are some estimates to keep in mind:

- Federal Income Tax: 10–40%
- State Income Tax: 5–15%
- Social Security Tax: 6.2%
- Medicare Tax: 1.45%
- Local Taxes: 0–5%

**SCENARIO 20: TWIN OAKS FACTORY OUTLETS**

Buying clothing is fun, but also expensive. What are ways to get quality clothing for less?
Use coupons, check the clearance section, shop during sales, shop at clothing outlet stores, and consider what is already in your wardrobe and only purchase what you need. Secondhand and consignment stores sell clothes at deeply discounted prices. There are even stores that sell name-brand clothing at wholesale or reduced prices.

**Indiana Department of Financial Institutions: Debit Cards vs Credit Cards**

[teachbanzai.com/teachers-edition/20](teachbanzai.com/teachers-edition/20)
**SCENARIO 21: ARISTOTLE’S GARDEN**

- It can be difficult to eat healthy food while traveling. What are some ways to avoid eating junk food during trips?

  Pack healthy snacks for the road that are easy to transport but will tide you over until your next meal (apples, nuts, etc.). If you have to eat out, many fast food chains now offer low-calorie, nutritious options like salads. Keep in mind soft drinks are particularly bad for you—water, on the other hand, is usually free and extremely good for you.

**Tips for Making Healthier Fast Food Choices**

🔗 teachbanzai.com/teachers-edition/21

- Is it possible to eat healthy at fast food restaurants?

  The key is moderation. Limit how much you go out to eat and be aware of what you purchase. Sometimes fast food that appears healthy can be highly processed and lack essential nutrients. Try to choose foods that are lower in fat and higher in protein and fiber, while staying away from trans fats and foods that are high in sodium. Also avoid sugary drinks and go easy on condiments and dressings. Bringing your own healthy sides can also help improve the quality of the meal.

**SCENARIO 22: TESLA ELECTRIC COMPANY**

- How can you reduce the amount you spend on utilities each month?

  Use a programmable thermostat to automatically regulate the temperature. You can also turn up the thermostat in the summer and turn it down in the winter. Install energy-efficient light bulbs and use them only when you’re in the room. Ensure that your appliances are set up for optimal efficiency and check the seals around windows and doors. You can save water by taking shorter showers. Air dry dishes and clothes and look for products with the ENERGY STAR® label.

🔗 U.S. Department of Energy: Tips on Saving Money & Energy at Home
teachbanzai.com/teachers-edition/22
**SCENARIO 23: THE HIT N’ RUN TRUCKSTOP**

Transportation costs (fuel, maintenance, etc.) are among the top expenses for young people. How can you keep from going broke when you need a car? Learn the basic requirements of maintaining your vehicle to avoid expensive repairs down the road. Drive your car gently to improve gas mileage and extend its life. If you live close to work or school, consider walking or taking public transportation. Riding a bike on a sunny day can be a great option and good exercise too!

**Best Ways to Keep Your Car Running**

🔗 teachbanzai.com/teachers-edition/23

What basic maintenance is required for my car?

Typical car maintenance includes:
- Changing the brake fluid, oil, and transmission fluid
- Replacing and rotating your tires
- Replacing your brakes
- Air and fuel filters

**SCENARIO 24: HORIZON WIRELESS**

Going over your plan limits can be expensive. How can you avoid that mistake?

Know what your plan offers in regards to text messages, voice minutes, and data. Make sure your account is setup to alert you when you are close to your limit. With the variety of plans and service providers available, you should be able to find something that fits your needs. Don’t forget to keep an eye on your usage!

What do I need to think about when choosing a plan?

Postpaid or prepaid, usage and billing, coverage and roaming, device insurance and extra protection, and any special service needs.
What is the difference between a postpaid and prepaid wireless plan?
A postpaid plan allows a certain amount of minutes, data and text messages to be used for a specific period of time. This plan requires a signed contract, stating the agreement and fees that will be required to pay. Usage overage fees can occur.

Prepaid plans offer a certain amount of voice minutes, text messages, and/or data usage that can be used. You pay when you need more minutes, text messages, and data.

How to Choose a Cellphone Plan
🔗 teachbanzai.com/teachers-edition/24

**SCENARIO 25: PAYCHECK**

Roland’s Bookstore pays you an hourly wage. What other forms of pay can employees receive?

Many jobs are salaried, other positions pay a certain amount of commission for each sale made. Some workers receive bonuses for meeting performance targets. If you work more than 40 hours per week, you might be entitled to overtime for the extra hours. (Typically paid at 1.5 times your hourly rate) Some jobs also provide work vehicles, or reimbursement for other work related expenses.

When comparing two job offers, consider the non-cash compensation as well, like health insurance and retirement plan contributions, which can add thousands of dollars per year in value.

United States Salary Survey
🔗 teachbanzai.com/teachers-edition/25
SCENARIO 26: SUPER-MART

What is sales tax used for?
Most state and local governments charge a sales tax on products and services you buy. The money from these taxes is used to support education, welfare programs, and maintain state development. The amount you pay in sales tax depends on your state, and sometimes, what you buy. For example, many states do not charge sales tax on unprocessed groceries.

State Sales Tax Rates
teachbanzai.com/teachers-edition/26

SCENARIO 27: BANK STATEMENT

Which transaction is missing from this statement?
Check #104, written to First Financial Credit Union.

Why doesn’t this check appear on the statement?
It’s missing because the check was deposited after the statement date.

Your checking statement says you have $867.40 available in your account. Banzai says you have $659.80. Which is right?
You should trust the balance shown in Banzai. It includes the outstanding check, as well as all the items listed on the bank statement.

US Department of Justice
teachbanzai.com/teachers-edition/27

What are identity theft and identity fraud?
These terms are used to refer to types of crime where someone obtains and uses another person’s personal data for fraud or deception. Typically, people commit this crime for economic gain.
How can you fall victim to identity theft or fraud?
A dishonest store employee might steal your credit card number if left unattended, or if you are paying by telephone. Some criminals will sort through garbage to look for credit card mailers in your name that they can activate and use. Spam email and online banner ads are common tactics used to try and get you to share your personal or financial information.

**SCENARIO 28: ALWAYS-SAFE INSURANCE**

Why is it important to be personally insured?
If you’re involved in an accident, your insurance will pay for injuries or damages you inflict upon someone else or their property. Without insurance, you would be responsible for these expenses (which can be thousands of dollars!). Insurance protects you and others in the case of accidents.

What are the penalties for driving without auto insurance?
In many locations your car can be impounded. Your license can be suspended, you may receive a heavy fine, and you can even serve jail time.

What is the difference between liability and collision insurance?
Liability insurance is the least expensive option, but only covers the repairs of the OTHER person’s property when you cause an accident. Collision insurance is an add-on that covers you and your car, even when it’s your fault, or if no one else is involved.

**SCENARIO 29: DIEGO’S TACO SHOP**

Compulsion or addiction spending is dangerous. How much could a bad habit really cost you?
Bad habits are not only hard on your health, but on your wallet as well. This applies particularly to addictions like smoking or excessive alcohol consumption. Not only will they shorten your life, but you’ll pay a tremendous sum of money to support these habits.
How expensive is a nicotine addiction?
Through direct and indirect costs, smokers pay, on average, $2,000 per year to support their addiction. The Centers for Disease Control and Prevention reported that Americans will spend $80 billion annually on cigarettes. Aside from the direct cost of cigarettes, other related expenses include: higher premiums for health and life insurance, dry cleaning and replacing clothes and furniture, teeth cleaning and whitening, and increased risk of lung cancer.

Drugfree.org: Nicotine Addiction Costs $2,000 Annually

SCENARIO 30: AMALGAMATED BANKCARD SERVICES

- Because you made only the minimum payment, there was an interest charge on this bill. How can you avoid this in the future?
  By paying off your entire balance when you receive your next statement.

- The total balance on this credit card is $442.42. How long will it take you to pay the card off in full if you only pay the minimum monthly payment of $20?
  24 months, and you will be charged $64.06 in interest.

- Why is the monthly credit card statement important?
  This is a statement that details all of your accounts transactions and how much you owe. It is critical to understand the “terms” detailed on your statement, like the interest rate, credit limit, outstanding balance, due date, and minimum payment. Missing payments and not understanding this statement can result in high fees, increased interest rates, and a hit to your credit score. If you see a transaction that you don’t recognize, call your credit card company immediately.
How is the minimum payment calculated?
Credit card companies use a formula to calculate the minimum payment due, which you can find in your credit card agreement. This is often a set percentage, such as 4% of the balance, subject to a certain minimum. In this case, the minimum payment is $20.00.

What is APR?
APR, or annual percentage rate, reflects the total percentage cost of borrowing funds, including fees. A lower rates means less interest and lower monthly payments. Whatever balance you don't pay off of your credit card will require you to pay interest determined by your APR.