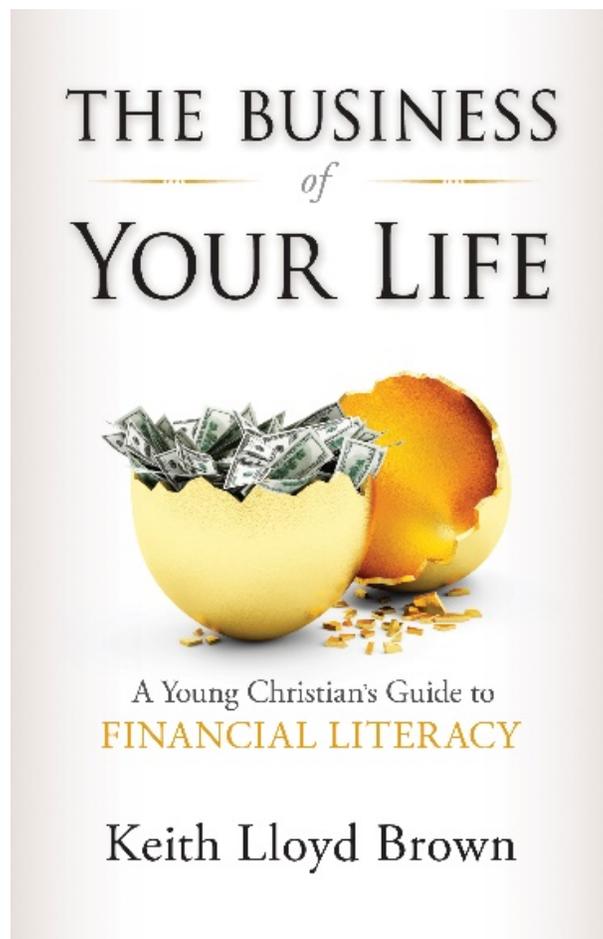


A Teacher's Guide  
to  
The Business of Your Life:  
A Young Christian's Guide to Financial Literacy



## Preface

Dear homeschool parents and traditional school educators,

*The Business of Your Life: A Young Christian's Guide to Financial Literacy* is a full-immersion into personal finance that, afterward, places teens at the pinnacle of readiness to achieve fiscal stability.

You don't have to be an expert yourself in personal finance to confidently and effectively lead your students through the material. Content is written, and chapter-order is designed, so that a high school student can assimilate the material on his or her own. But your charges will get more out of the experience by having *you* go through it with them. You're the professional facilitator; you're their hero.

Because textbook publishers haven't been eager to create a work for a subject that isn't broadly taught, I've written *The Business of Your Life* as a how-to-book. Accordingly, it has no tests. Rather, the emphasis is on skill development and self-assessment. To help enable students, the book has a series of tear-out worksheets, and I teach readers how to analyse what they're created afterward.

In addition, many chapters have a "Helpful Links" box at the end, which lead to a variety of high-quality, related sites, provided by experts in the public and private sectors. Many URLs are supplementary and supportive of topics, while others serve as documentation.

Leading our children to self-discovery before they're unexpectedly confronted with an issue can be more efficacious than best-intentioned advice, and that's what we'll try to do throughout the chapters.

And to emphasize key content, important terms and words in are in **boldfaced** type. These words also comprise the index.

Scripture notations come up at various points, as well, but aren't version-specific. This allows you to use the of the Bible your choice to reference said chapters and verse.

I encourage you to invite class participation on any link, chapter-word, or topic. Some concern social issues, while others present unfamiliar concepts. Challenge them to think critically and to offer their insight and opinions.

Some of you will teach the book during a number of months of the school year, whereas others might offer it for summer. You have the freedom to work chapters into your curriculum in any way that works best. I expect the class time you have available will determine how many chapters you tackle at a time.

In any event, *The Business of Your Life* really has two parts to work on: The first three chapters set the stage for an understanding of what the students are handling. The balance focuses on financial knowledge and essential skill sets, and are designed to be covered sequentially—but without much time elapsing between any of them.

From here, I'll share my thoughts on each chapter and offer ideas.

## Chapter 1

# What's All the Fuss?

You and I are well aware that juniors and seniors are soon to engage with a secular world that expects these newly-minted adults to be financially stable—and in short order; each must eventually become self-supporting. But they've had very little practice attempting it, and we—as a society—can be bit apprehensive about their success. That's part of the fuss.

And then there's contact and interaction with financial predators. We fret over that, as well. Another concern is that riches of the world can distract these hearts and minds from our Lord's admonitions. These are some of the reasons you homeschool your kids or have them attend a Christian Academy. Therefore, I wrote this guide to help your students meet or exceed a range of expectations.

To that end, I assert that handling personal finances works optimally when viewed from the perspective of an upright, well-focused business owner: The business objective of both "operations" had better be turning a profit! That's the theme of the book. And, of course, both have to align themselves with the principles of our faith. What's the alternative?

This first chapter doubles as the book's introduction and sets the overall tone. In addition to issues raised in the paragraphs, a ten-point-non-scoring quiz near chapter's end can give impetus to keeping the pages turning. The reader will have trouble answering some or all, and will want to become proficient, for nobody wants to be left behind.

Here's how you'll lead your students to the answers:

- Question #1 will be handled by learning Chapter 5.
- Question #2's answer is an IRA or contribution to an employer-sponsored retirement plan. Chapter 10 covers both.
- Question #3 is thoroughly answered by mastering Chapter 11.
- Question #4 is covered in Chapter 3.
- Question #5 is explained very well in Chapter 13.
- Question #6 receives an in-depth analysis in Chapter 9.
- Question #7's answer is made abundantly clear in Chapter 10.
- Question #8 is clarified in Chapter 6.
- Question #9 becomes apparent after the absorption of Chapter 7.
- Question #10 is fielded in Chapter 4.

## Chapter 2

# Why Do We Need Money?

You may have forgotten there are reasons for money's invention—which is what it truly is. (As the wheel did, money solved an assortment of problems I outline.) Or you may have never thought much about the question. If you take money for granted, you blow past discovering its essence, and miss a lesson, because what you think of an object determines how much value you attach to it.

Try tossing the chapter's title out to the class, right off the bat. That should lead to some spirited discussion and hypotheses.

With a lighter touch, this chapter includes the most common theories and guideposts to money's development, thus serving as an introduction for the benefits of studying economics.

But the difference between this book and a secular personal-finance copy is the inclusion of arguments that our faith must necessarily integrate into the development of one's philosophy concerning money's value and usage. As the chapter works through such ideas, the reader sees how money can triangulate nicely with God's command for us to work and the problems we create for each other, due to our frail nature.

Vocabulary and topics include, but aren't limited to:

- Predatory lending and usury
- Prime rate
- Prime, subprime, and secondary lending markets
- Capitalism vs simple living
- Consumerism
- Charitable giving

## Chapter 3

# Being Your Own Secretary

Organization, preparedness, and personal development are the chapter's topics.

Even a frugal budget can afford the permanent, affordable file organizer that the author features here. In addition, he offers institutional document-retention ideas and services, all with the intention of poising the reader to complete any form of application with precision accuracy.

The author suggests that the next logical step for a student is creating an initial version of the reader's own résumé, along with preparing its supporting document and supplemental list. This would be an ideal spot to schedule a workshop on such.

A student's diligent use of his array of suggested reference books will lend depth to these crucial attention-getters.

The chapter's job search ideas and its Helpful Links may prove particularly fruitful, as well.

As the chapter winds down, readers gain exposure to a range of self-evaluation tests and indicators. Men and women throughout the world have considered these standard analytics to be part and parcel of the success he or she has gained. Testing events generally happen outside the classroom and require the cooperation of parents.

## Chapter 4

# The Elements of Banking

No special training on your part required here. Content includes essential information on, and regulation of:

- State banks
- National banks
- Thrifts and S&Ls
- Credit Unions (including faith-based)

The author stresses the value of having students work on a cash basis until budgeting has been mastered. Described and pictured are the cash-basis financial products that facilitate this method:

- Money order
- Wire transfer
- Gift cards and prepaid debit cards
- Cashier's check

The essentials of credit cards and charge cards follows.

**Title law.** The author describes how assets can be titled and discusses the most suitable forms for the reader's state in life, and offers examples.

- Individual title
- Joint title
- Joint Tenancy with Rights of Survivorship: JTWRORS
- Custodial title: UGMA and UTMA
- Beneficiary designations

**The Cash Reserve.** Establishing a cash reserve is the first step in financial stability. The following suitable bank accounts are described:

- Passbook savings
- Conventional savings
- Money market
- Certificate of deposit

**Financial apps for phones.** Google, Amazon, and so forth, offer apps designed for customer convenience, but add to one's expenses and complicates maintaining an accurate checkbook balance.

**Basic checking.**

- Opening an account
- Account security
- Sample check w/account and bank routing numbers
- Temporary and counter checks
- Use of a transaction register
- Endorsing a check / second-party checks
- Paying invoices and statements

**Banking terminology.** Each of the following is explained:

- Direct deposit
- Deposit holds
- Non-sufficient funds
- Uncollected funds
- Bank authorizations / Automatic payments
- Electronic funds transfer
- Automated clearing house
- Floating and kiting checks
- Postdated checks
- Stale date checks
- Stop payment request
- Freezing an account
- Closing an account

- Fees and penalties
- Worthless check laws

The Helpful Links box contains URLs to customer-friendly links at the Federal Reserve, FDIC, and US Department of the Treasury—among other resources.

## Chapter 5

# Balancing Your Checkbook

The author first provides a tutorial on the sightless use of an accounting calculator. Acquiring this skill vastly reduces errors while trying to maintain an accurate checkbook balance.

Two types of bank reconciliation methods are presented:

**Balancing per bank.** This method requires a worksheet, which is provided, and the author walks readers through using its four steps. The preliminary work required beforehand is covered in the second method.

**Balancing per book.** There is no worksheet. Instead, outlined steps bring the accountholder from his or her checkbook balance back to the bank's statement ending balance. As the chapter details each and every step, the reader will be able to identify and distinguish:

- All forms of debit and credit entries
- The nature of a trial balance
- A proven balance
- Deposit-in-transit
- Outstanding check
- Reversing entry

The final section illustrates how to make register adjustments and teaches error-tracing techniques used by the pros.

## Chapter 6

# Getting a Grip on Taxes

Following an overview of the income tax system, the reader becomes acquainted with its elements; how to work with them; and will know how and when to file a federal tax return by chapter's end.

At minimum, the author covers:

- IRS Form W-4 and W-2
- Earned and unearned income
- Standard deduction and the personal exemption
- IRS Form 1040, along with its variations and purposes
- IRS Schedule SE
- Tax credits, including the EITC
- Tax-deductible items
- Tax-qualified items
- Tax-deferred and tax-exempt items
- Filing a return or extension

With the above ground covered, the author walks the reader through a hypothetical return of someone quite similar to him or her, and analyses it for the reader afterward. Other important terms are explained—along with their implications—and include links to:

- Independent contractors
- Freelance agents
- IRS Form 1099
- Multilevel marketing companies
- Pyramid and Ponzi schemes

## Chapter 7

# Managing Life's Risks Through Insurance

Subsequent to purchasing any form of insurance the author suggests one must understand the concept of risk management. A subsection of it, for example, includes automobile insurance. States may mandate coverage but not everyone purchases adequate protection—thus magnifying loss potential.

The chapter covers the following forms of life insurance:

- Whole life policies
- Flexible premium adjustable whole life (commonly known as universal life, or UL) and an equity-based derivative product called variable universal life, or VUL
- Term life policies
- Juvenile policies and family riders
- Single pay policies
- Endowment policies

Important policy terms are defined, such as:

- Insurable interest
- Face amount and death benefit
- Underwriting
- Rated policies
- Mortality and morbidity tables
- Noncancelable clause
- Incontestable clause

Both types of insurance companies are profiled—those that pay dividends (participating) and those that don't (nonparticipating).

Annuity contracts are explained, as well, both in the accumulation phase and annuitization phases.

In the final chapter-section, the following forms of insurance receive analysis, along with commentary on the features and benefits of each:

- Disability income insurance
- Renters insurance
- Federal flood insurance
- Umbrella liability insurance
- State workers compensation programs
- Social Security Disability program

Vocabulary expansion includes understanding how these integrate with the above:

- PTO
- Group insurance
- Benefit period
- Waiting period
- Insurance deductible

Perhaps the most important lesson taught in this chapter is the **master strategy of family protection**.

## Chapter 8

# The Four Work Structures of Our Economy

The free world economies break into two sectors, with government representing the public sector and free enterprise comprising the private sector. For his purposes, the author treats such an economy's public sector as one work structure and the sole proprietorship, the partnership, and the corporation as the three other ways that these entrepreneurs drive commerce.

The dynamics of, and the opportunities within, the public sector are examined first, and the reader is encouraged to weigh this structure's features and benefits when considering a career path—whether that be an employed public servant or running for elected office.

The author narrates a story about a young man named Francisco, who establishes a sole proprietorship and then explores the advantages and pitfalls of the other two work structures, as his business expands through the years.

As the story progresses, the reader gains the knowledge of, and a comfort level with:

- Ongoing business
- Sole proprietorship
- Qualified joint venture
- General partnership
- Limited partnership
- Corporation
- Privately held corporation
- Publicly held corporation
- Not-for-profit corporation
- Subchapter S corporation

- Limited liability company

The following is a sample of terms with which he or she will become familiar:

- Promissory note
- Sales journal
- General ledger
- Balance Sheet and Profit and Loss Statement
- Owner's Equity
- Net profit and loss
- Tangible and intangible assets
- Liabilities
- Goodwill
- Dilution of interest
- Cross-purchase agreement
- Initial public offering
- Employee stock ownership plan

One choice within the “Helpful Links” box selection, is the official URL for a dynamic film about boardroom ethics and environmental responsibility. Suitably, it has been shown in high schools across the country.

## Chapter 9

# Stocks and Bonds Made Simple

The reason it's important for a high school junior or senior to get a good grasp on the world of securities—which are primarily stocks and bonds—is that he or she will have the opportunity to begin investing within a year to two. This occasion may be participating in an employer sponsored savings plan, or the graduate may choose to open an IRA.

And the sooner the better!

This consequential fact plays out in a dramatic fashion in the next chapter, as you—as a group—encounter the time value of money. (They'll be so impressed by what you know!) But, like any human, your student will have to gain enough self-confidence to take action when the time comes. This emerges from a working knowledge of, and a comfort level with, stocks and bonds. That's our aim. The stuff isn't rocket science.

In this chapter, readers learn about:

### **Securities industry regulation**

- Securities Exchange Commission (SEC)
- FINRA, SIPC, and the FDIC

### **Active and passive investing**

### **Individual brokerage accounts**

- Stock orders
- Short and long-term positions
- Buying on margin
- Capital gains
- Intro on options and derivatives

## **The stock markets**

- Various stock exchanges
- Stock exchange indexes
- Primary and secondary markets
- Market and stock evaluation

## **Stocks**

- Common stock
- Preferred stock
- Penny stocks

## **Bonds**

- Bond features and provision
- Bearer bonds
- Debentures
- Municipals
- General obligation bonds and revenue bonds
- Junk bonds
- Zero coupon bonds
- US Treasury bill, notes, and bonds.

## **Mutual funds**

- Vocabulary words include:
- Front-load, rear-load, and no-load funds
- Open and closed-end funds
- Public offering price (POP) and net asset value (NAV)

## **Socially responsible investing and ESG criteria**

## Chapter 10

# Savings Plans at Work and Home

As the reader's financial-savvy accumulates, each chapter takes on more significance in the overall design, and this chapter is a point at which you can be a real facilitator and one great hero:

The author drops an atomic bomb on page 171: Students come face-to-face with a very large amount of money, which they'll have to accumulate, and are told they must begin making very steep payments toward it next week. The monthly investment sounds, and seems, impossible to meet—even for the first installment.

Don't let them slam the book closed and pull out the hemlock juice! Carry on! Use the paragraphs and table that follow to lead them to a most affordable solution.

In actuality, this should be one of their brightest days in school. They're about to learn the secret every adult investor wished he or she knew decades ago. With more discipline and determination than money, they'll be able to turn a battleship around in a bathtub.

Readers are introduced to the concept of the Three-Legged Stool, and will come to understand:

- Social Security
- Defined benefit plans
- Defined contribution plans
- IRAs
- Professional investment strategy

The reader's vocabulary and understanding will expand to include:

- ERISA and FICA

- Compound interest
- Pre-tax and post-tax payroll deductions
- Pensions
- 401(k)
- Vesting schedules
- Conventional and Roth IRAs
- Rollover IRA applications
- Self-directed IRA advantages

The intention is that after gaining an appreciation of their task laid out above, young readers will have the motivation to take the next chapter seriously, because a well-designed budget is their key to realizing their hopes and dreams.

## Chapter 11

# Formulating Your Budget

With some creative writing on the author's part and his step-by-step directions, this less-than-exciting exercise becomes more enjoyable for the reader, and will produce a professionally-designed, personal budget.

Spend ample time working with your students on Mr. Johnson's first step in budgeting. Class discussion and participation concerning his list is optimal, and comes first; the gray matter has to do some work.

Next, have students remove the appropriate tear-out sheet from the back of the book. Have them complete it—again, allowing plenty of time.

When your charges are ready for step two, have everyone remove the next tear-out sheet and fill in the blanks. Mr. Johnson provided a previous student's sample, and they can model theirs upon his.

Remind them the exercise isn't a test. Results are confidential, of course. What's on the pages will be reflected upon the faces. Be encouraging. They have to know the reality shown is simply a snapshot in time, and that each of them is just beginning his or her journey.

*Budget's* third step allows for hope, and is suitable for stimulating imagination. Recognizing the interplay of money between the top and bottom sections makes it apparent what has to be done—and is absolutely possible—to raise his or her bottom line.

The fourth tear-out sheet is theirs to use for the future. It's time to return to the author's techniques to better manage a budget.

Close your session with the final topic. Here's a great place to interject prayer and reflection. As always, in these moments, those powerful elements let the mind and soul absorb the grace that flows from God.

## Chapter 12

# Personal Financial Statements

The author bills this as the most important chapter because it's the convergence of all that has been taught previously. The picture is set; the intangible becomes tangible.

In studying the financial statements of a couple not much older than her or she, the reader now has a realistic idea of how personal finances can be affordably structured to:

- Establish cash reserves
- Protect oneself via risk management
- Avail oneself of employer-sponsored savings plans
- Initiate long-term, diversified savings
- Manage income taxes
- Prioritize expenses
- De-emphasize the accumulation of material possessions
- Minimize the use of short-term debt
- Give material support to one's church
- Increase net worth

The use of colored line-items in the statements vividly illustrates how income and expense and assets and liabilities interact demonstrably between the two documents.

As you and your students follow the author through his analysis of each statement, it becomes quite obvious which strategies produce results that enhance one's financial health.

## Chapter 13

# All About Bankruptcy

Following his overview of bankruptcy, the author focuses readers on the liquidation form for individuals.

Could Chapter 7 bankruptcy happen to one of them someday? How does that process work, and how long does it take? How do you file? What's good advice? What's bad advice? How are student loans treated? What happens when it's over?

The questions seem endless. Each one is answered here—and more—as myths are dispelled and reality is spelled out in black on white.

Included in this chapter, as well, is the enlightening section on credit reports. Here, the author supplies the official link to one's free credit report, as well as those for the three largest credit information suppliers. Within their sites are tabs for customer information PDFs and how to learn one's FICO score.

- Chapter vocabulary includes:
- Insolvency
- Consumer Credit Counseling Service
- Liquidation and restructuring
- ICRP program for defaulted student loans
- FICO score