Financial Literacy

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Why Financial Literacy?

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1 out of 5...

Teens in the US lack proper
Financial Literacy skills

74 percent of...

Teens lack confidence in their
financial literacy skills

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Junior Achievement USA

What would you do with an extra 500?

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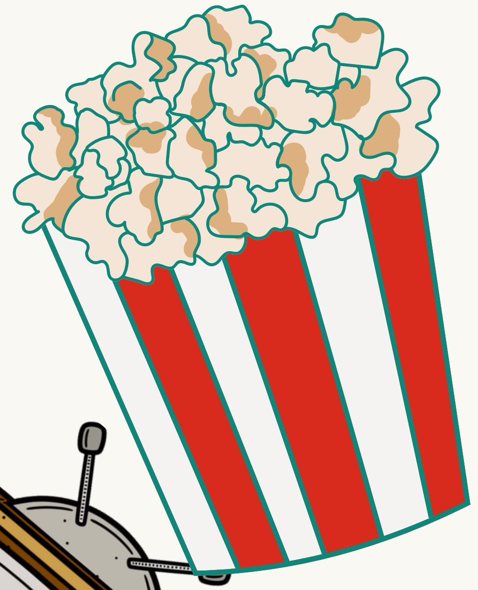
Needs vs Wants

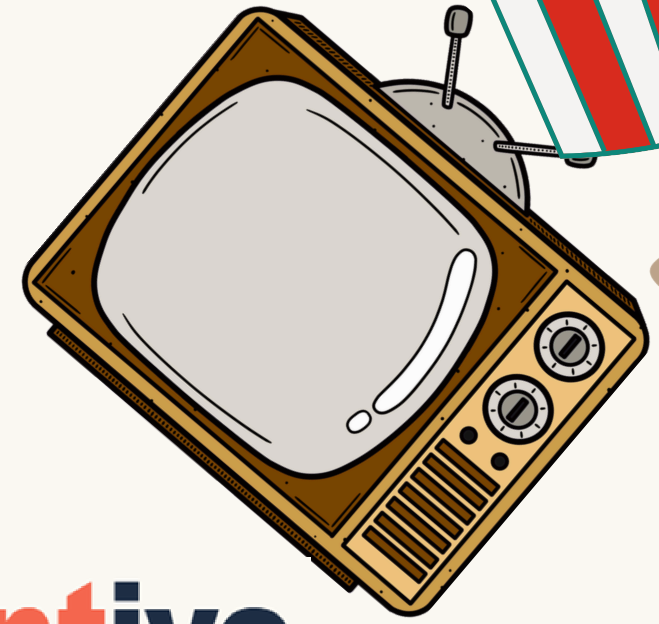
Needs

Things people must have to live and function

Wants

Things people would like to have but do not need to survive





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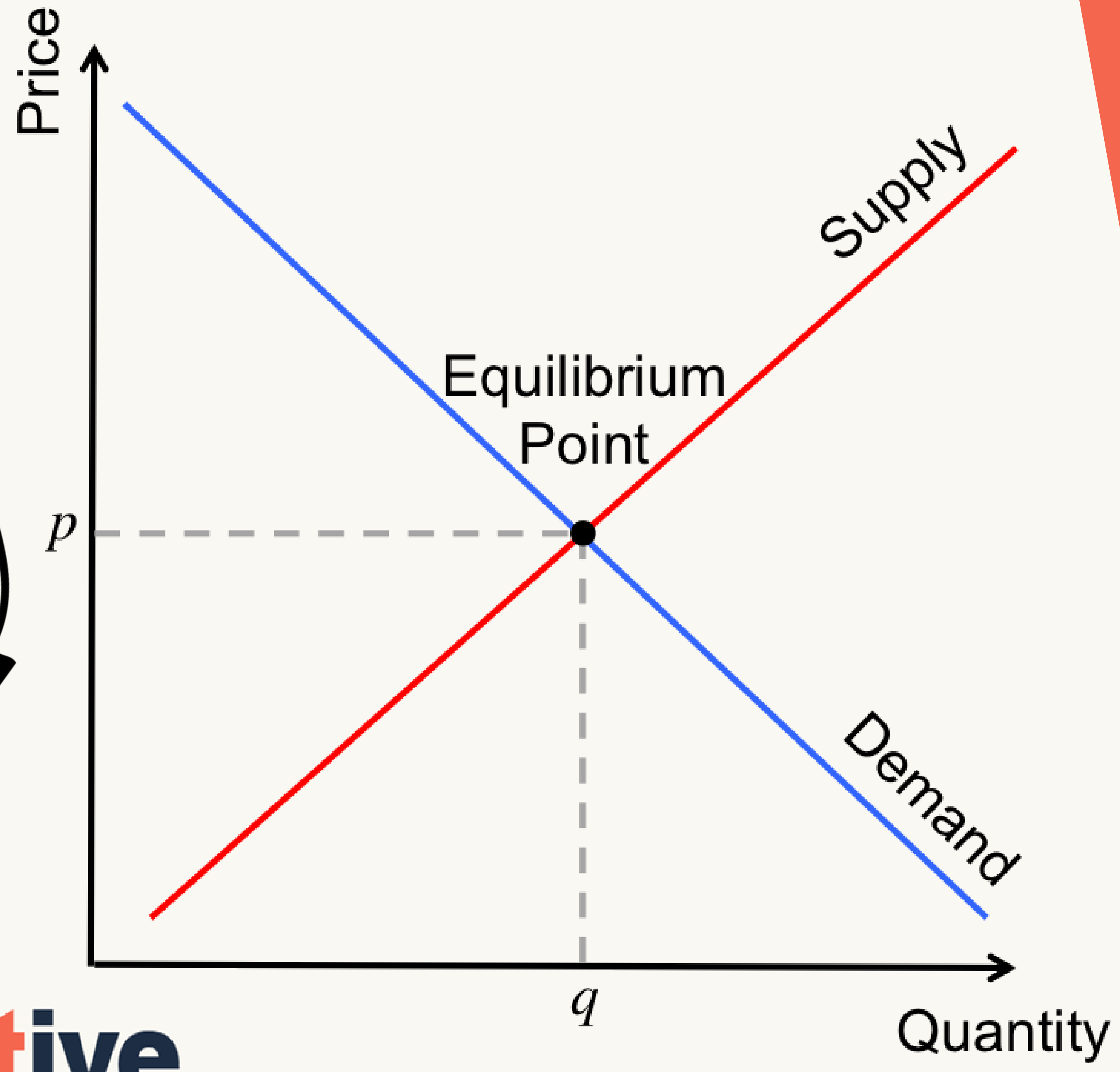
Supply and Demand

Supply and demand is the economic theory that determines prices based on the relationship between availability (supply) and desire (demand). Supply is how much of a good or service is available, while demand is how many people want to buy it

Where they intersect is known as the equilibrium point and is the quantity and price that sellers sell at



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Budgeting 101

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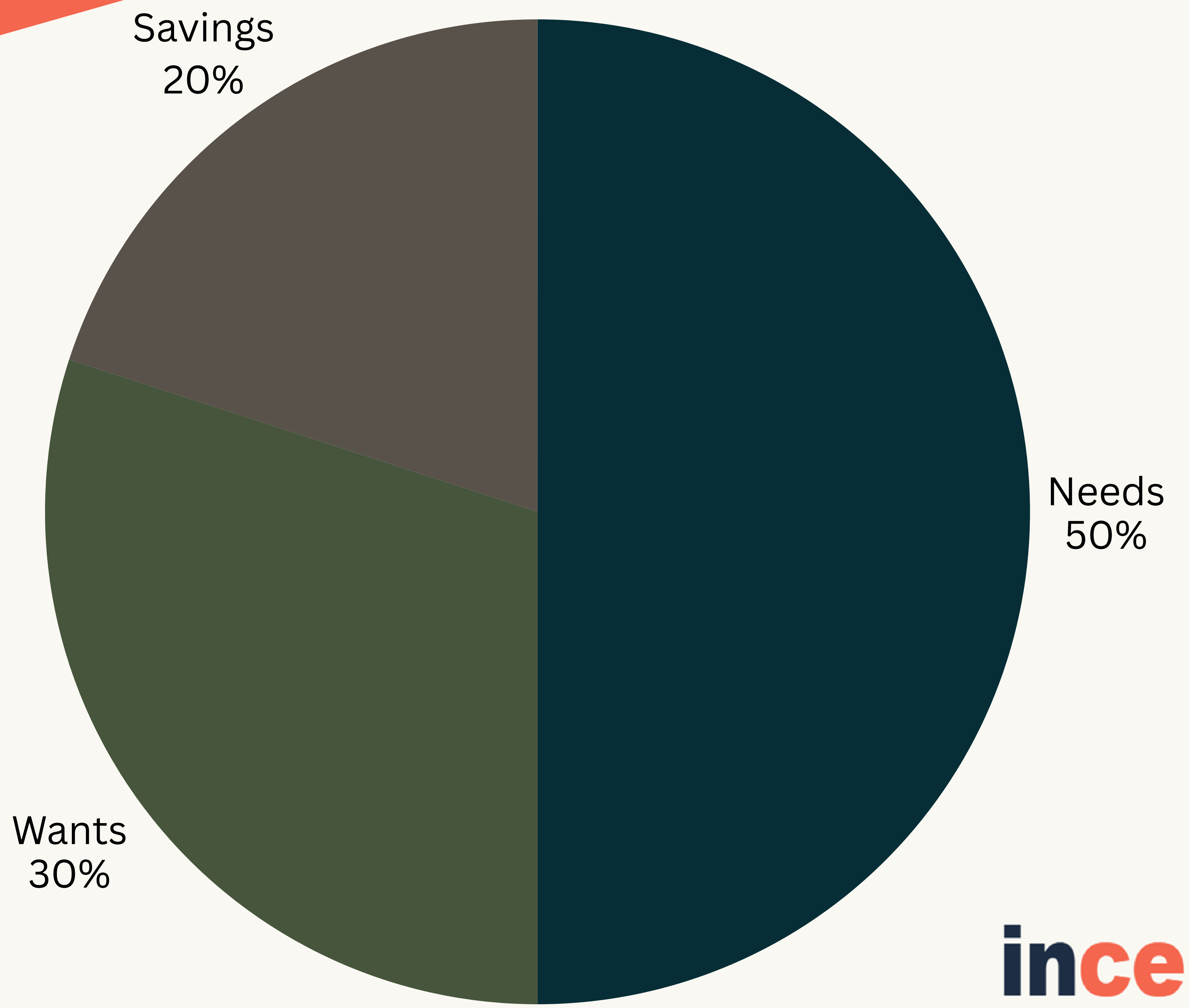
50/30/20 Rule



50% ~ Needs

30% ~ Wants

20% ~ Savings

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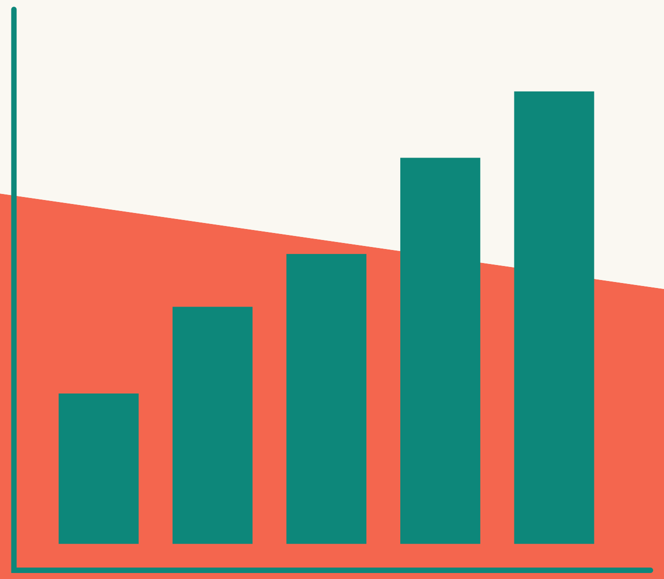
Expenses

Fixed

Costs that stay the same each month, like rent



Variable

Costs that change from month to month, like entertainment

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Income

Money that you recieve (job, allowance, gifts)

Main source of money used to pay for needs and wants

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Saving

Setting aside part of your income for the future

Helps pay for emergencies or big goals (car, college, retirement)

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Investing

Would you rather have 1 million now, or a penny that doubles everyday for a month?

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The Penny!

Day 1: 0.01

Day 5: 0.16

Day 10: 5.12

Day 15: 163.84

Day 20: 5,242.88

Day 25: 167,772.16

Day 30: 5,368,709.12

Day 31 (optional)

10,737,418.24

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Compound Interest

Compound interest is the interest you earn on interest, accelerating given more time

"snowball effect"

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

P: Principal Amount

r: Interest Rate

n: number of times rate is compounded/year

t: time (years)

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Simple Interest

A method to calculate the amount of interest charged on a sum at a given rate and for a given period of time

Unlike compound interest, it does not calculate interest on previously earned interest.

$$A = P(1 + rt)$$

P: Principal Amount

r: Interest Rate

t: time (years)

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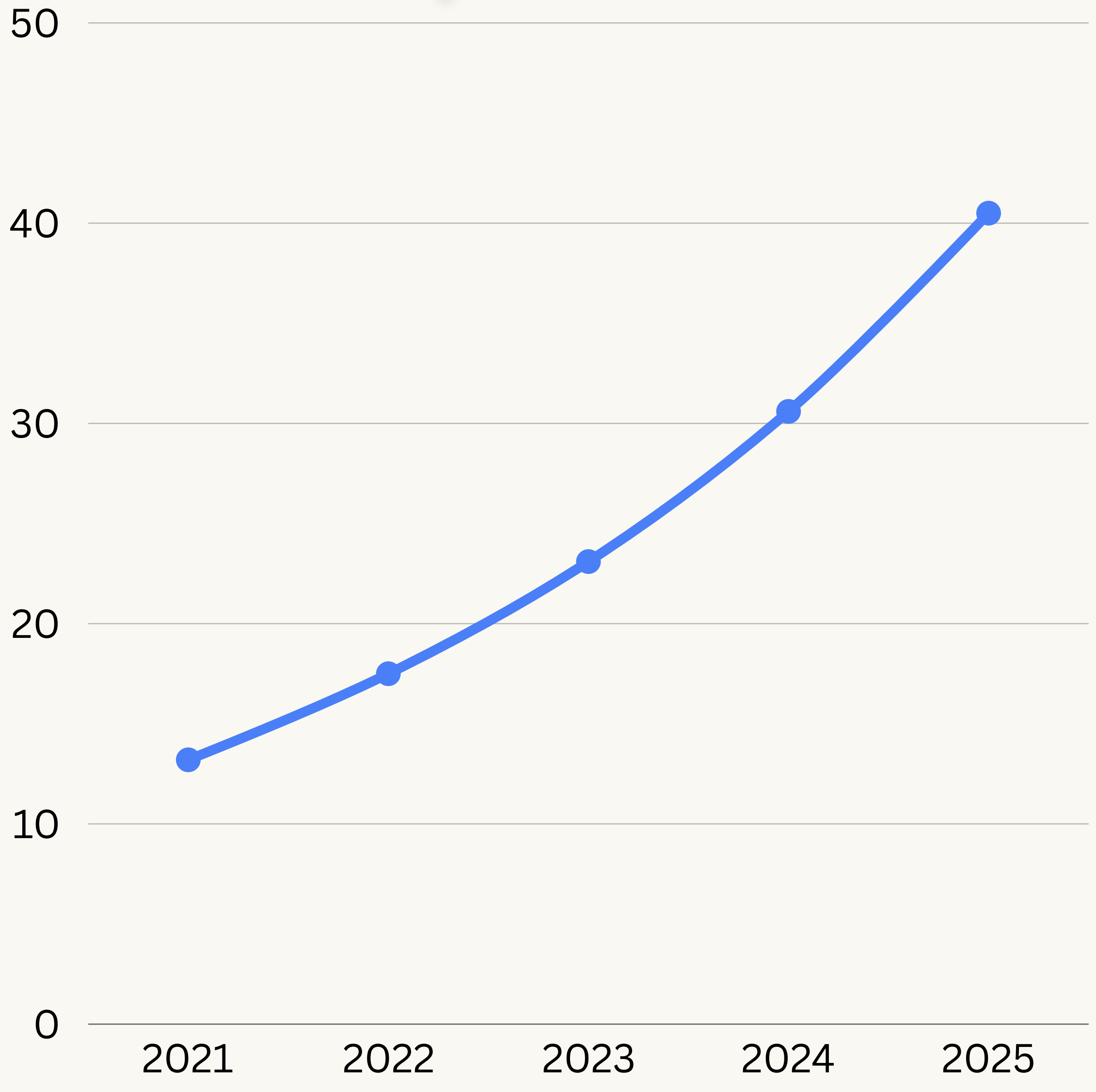
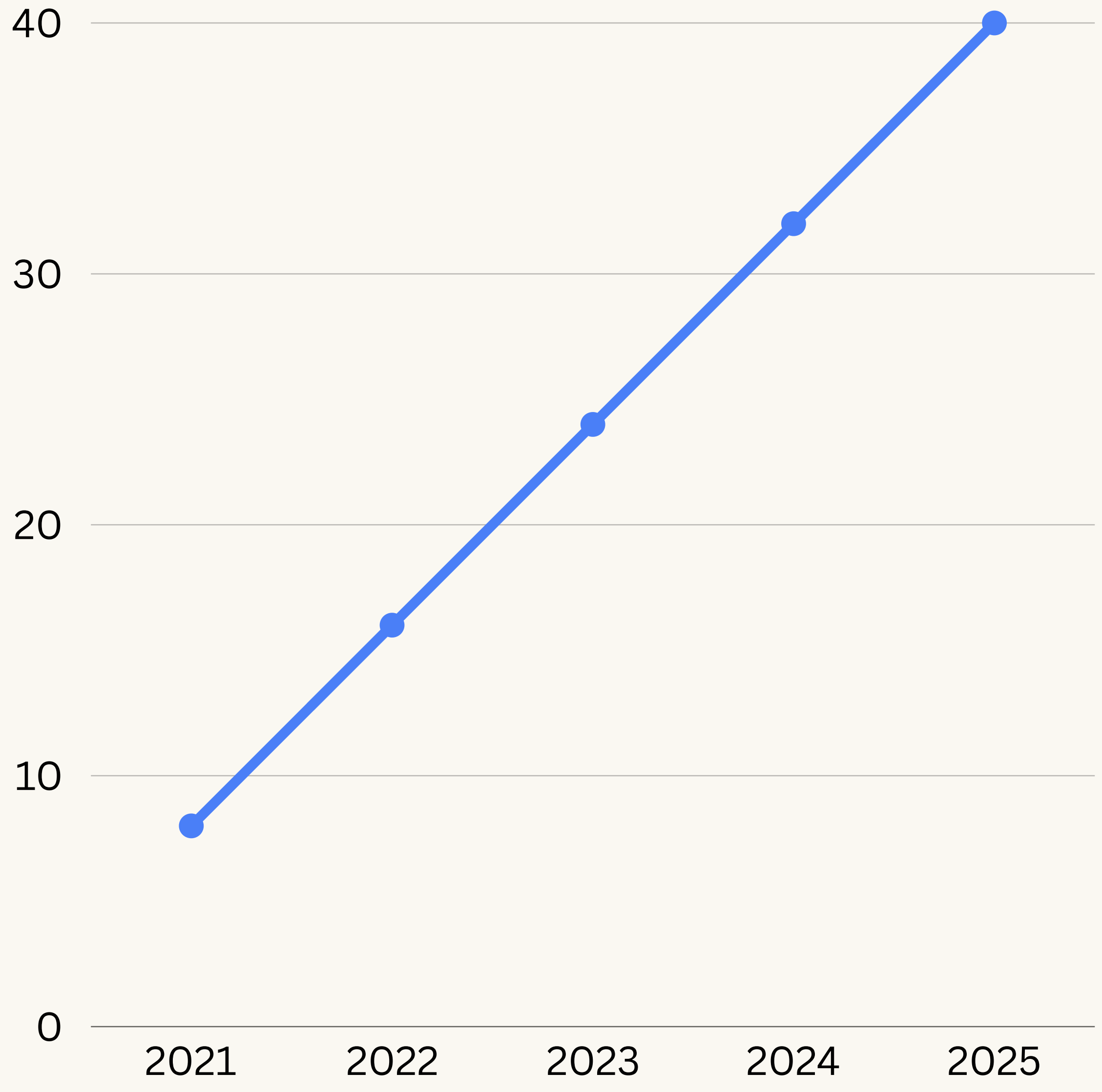
Compound vs Simple

Compound



Simple



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Stocks + Bonds

Stocks

A stock is a small piece of ownership in a company. When the company does well, the value of your stock can go up.

(high risk = high return)

Bonds

A bond is a loan you give to a company or government, and they pay you back later with interest.

(low risk = low return)

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More ways to invest...

Mutual Funds

A pool of money from many investors used to buy a mix of stocks, bonds, or other investments.

(low risk)

Cryptocurrency

A type of digital money that exists online and uses technology to secure transactions

(high risk)

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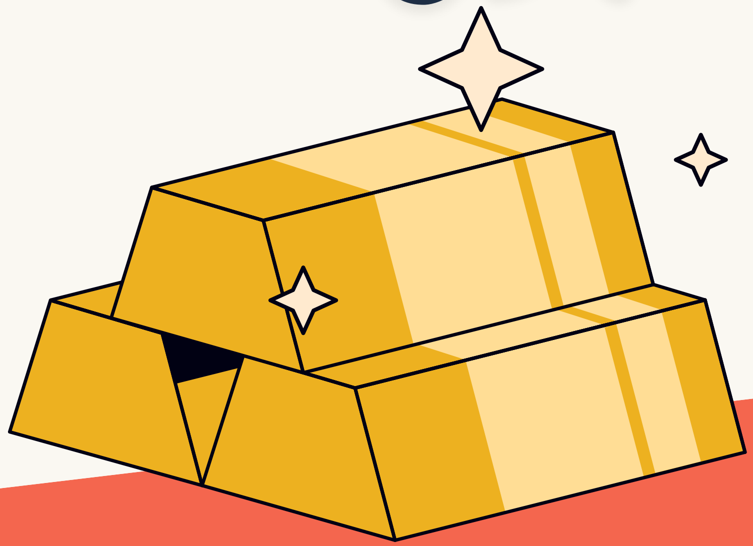
Commodities + EFT's + CD's

Commodities: Raw materials or primary agricultural products that can be bought, sold, or traded, such as oil, gold, wheat, or coffee

EFT: a bundle of stocks, bonds, or other assets that you can buy and sell on a stock exchange throughout the day.

CD: A interest-earning savings account offered by banks that requires you to lock up a lump sum of money for a fixed period to receive a guaranteed, usually higher, return than traditional savings accounts



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Real Estate

Buying property (houses, apartments, land) as an investment

Can make money if the property value goes up or through rent (moderate risk)

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Mortage

A loan used to buy a house or property that you pay back over time with interest.

If you don't repay the loan, the lender can take the property.

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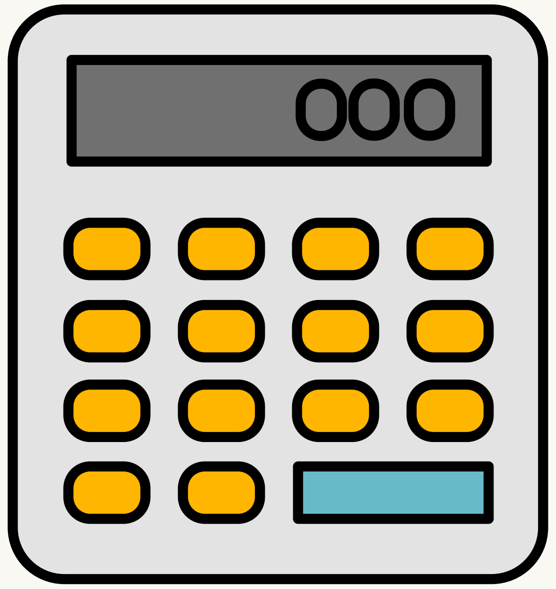
Taxes

A portion of the money you earn or spend that must be paid to the government to fund public services like schools, roads, and healthcare.

Progressive tax

The more money you earn or spend, the more of your income you pay.



Tax Brackets

Tax rate	Taxable income brackets for 2024	Taxable income brackets for 2025
10%	$0 to $11,600	$0 to $11,925
12%	$11,601 to $47,150	$11,926 to $48,475
22%	$47,151 to $100,525	$48,476 to $103,350
24%	$100,526 to $191,950	$103,351 to $197,300
32%	$191,951 to $243,725	$197,301 to $250,525
35%	$243,726 to $365,600	$250,526 to $375,800
37%	$365,601 or more	$375,801 or more

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Currencies

Currencies have different values, so one country's money can be worth more or less when exchanged for another country's money.

For example...

0.87 Euros (EUR)
159.7 Japanese Yen (JPY)
0.75 British Pound (GBP)
92.5 Indian Rupee (INR)
17.7 Mexican Peso (MXN)

1 US Dollar (USD)

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Credit score

A credit score is a three-digit number, typically between 300 and 850, that represents your creditworthiness, or how likely you are to pay back debt on time

Lenders, such as banks and credit card companies, use this score to evaluate risk when you apply for loans, credit cards, or housing

Payment history (35%), amount of debt (30%), length of credit history (15%), new credit applications (10%), and credit mix (10%)

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SMART Goals

S: Specific
M: Measurable
A: Achievable
R: Relevant
T: Timely

These are goals designed to turn vague intentions into clear, actionable plans that are realistic, trackable, and aligned with broader goals

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Bad/Good Debt

Good debt increases net worth, offers long-term value, and often carries lower interest rates

mortgages

student loans

business loans

Bad debt is used for depreciating assets, carries high interest rates, and drains cash flow

credit cards

payday loans

financing vacations

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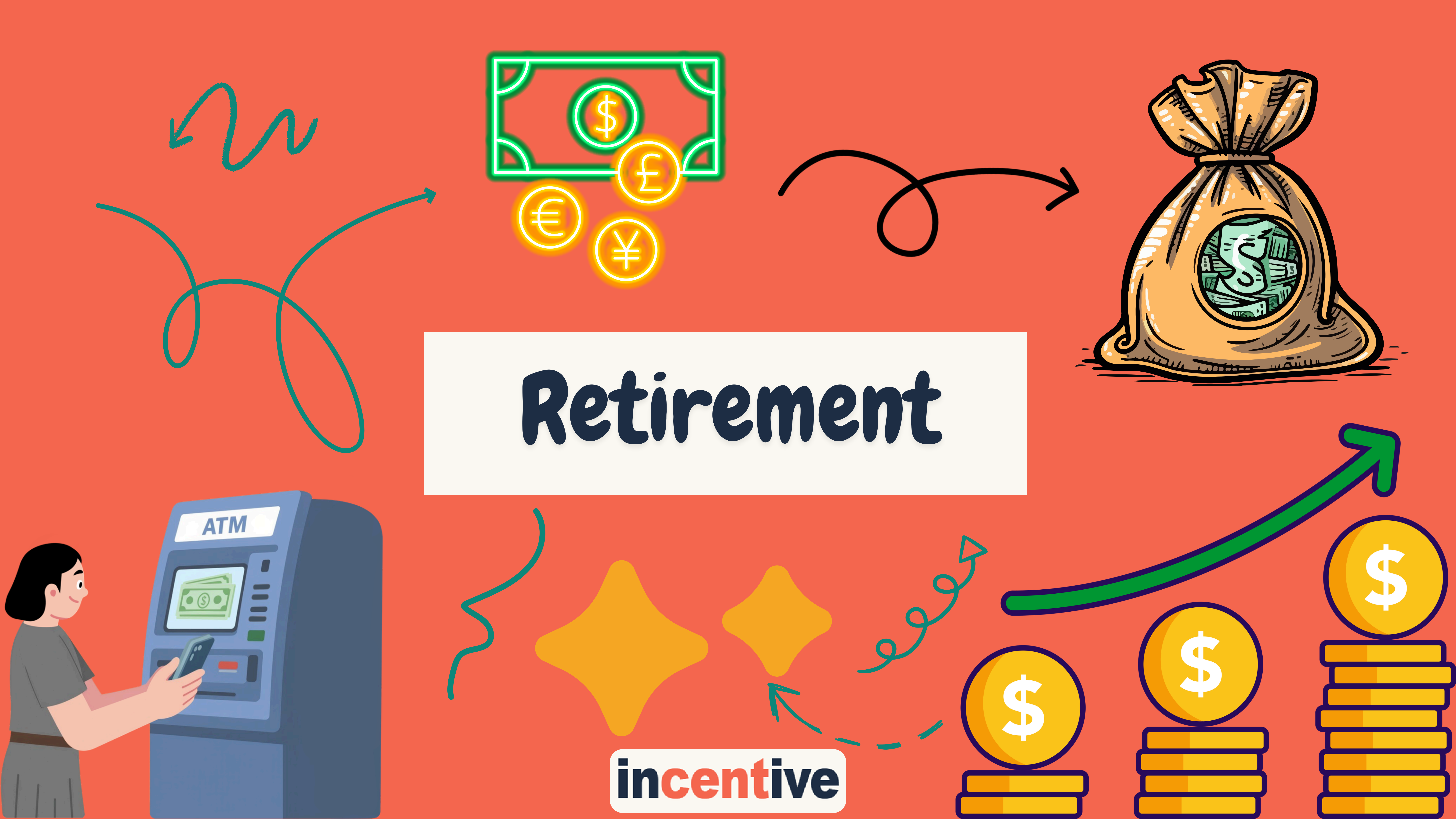
Retirement
ATM
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Retirement Types

IRA: A retirement savings account that individuals open to save and invest money for the future. The money in the account can grow through investments like stocks or bonds, and it often comes with tax advantages

Pension: A retirement plan where an employer regularly contributes money while you work, and after you retire you receive fixed payments for the rest of your life.

401k: A retirement savings plan offered by employers where a portion of your paycheck is automatically invested for retirement. Many employers also match part of the money you contribute, helping your savings grow faster.

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Insurance

A service where you pay a company regularly so they help cover the cost if something unexpected happens, like an accident, illness, or damage

This payment includes...

Premium: Regular payment to keep insurance active.

Deductible: Amount you pay before insurance starts covering costs.

Copay: Fixed fee you pay when using a service.

Mission

Incentive is a organization dedicated to advancing financial literacy among young people through accessible education, community events, and free resources, empowering the next generation to make informed financial decisions.

For more information: incentivefinance.org