

Language of Money Activity Lesson

Use with Camp Millionaire and The Money Game

Financial Freedom page numbers used: None

Costumes/Props needed:

Language of Money words: Print, laminate and cut into strips. Any color but best if it is different than the color of wall you're using. Masking tape. Wall space; at least 8' x 4'.

Language of Money sign (if desired): Print and laminate.

Main Objectives:

- To begin learning the words that financially free people know and use on a regular basis.
- To be able to talk about financial matters with others.

Key Terms, Callbacks:

All of them!

Principles, Sayings, Declarations:

To Become Financially Successful, Learn The Language of Money.

Set up/Preparation:

Put the words on the floor or a table where the participants can get to them. Set out 3-4 rolls of masking tape (the more participants the more rolls of tape). Designate a space on the wall for the words to live and put the "Language of Money" Sign above where you want the words to be taped.

Suggested Enrolling Questions:

How many of you have been to another country where you couldn't speak the language? Thank you. (Ask what some of the countries were.) How many of you found it a little challenging to communicate with the people who lived in that country? Exactly! How many of you think that there is an entire language of words that people who are good with money know and use on a regular basis? You're right and we call this language The Language of Money.

Dialogue/How to:

Step One: Put on some music and instruct the participants to take all of the words and tape them in the designated space (a single small piece of tape on the top of each word works fine). Leave the words there and refer to them while you teach other financial education activities or while playing several rounds of The Money Game.

Step Two: Clear a new space on the wall that is approximately 6' x 6' (smaller than where they were originality). Have the participants divide into two teams (hint: have them 'count off' using the words

'financial' and 'freedom' instead of 1 and 2). Give one fly swatter to the person in the front of each row. For smaller groups/families, this is a great time to recruit kids from the neighborhood.

Now, one at a time, tell the participants the definitions of the words on the wall. (Note: if there are two adults or teachers, take turns giving the definitions for the words.) Make the definitions simple, relevant and straight-forward, not complicated. The first person with the fly swatter to swat the word gets a reward/moola/clap. Make it pennies or nickels, or dimes or quarters if you're feeling generous (fodder for more learning after the game!)

RULES: only the person with the fly swatter can cross the line. The rest of the team can help the team leader by telling them where the word is or what the word is. But they need to be careful because the other team may be listening in. The first person who swats the correct word gets the reward. This activity is simple, effective and incredibly fun!

Who wins...**EVERYONE** because they are learning to speak what may be the most 'valuable' language of all. The Language of Money!

Flipchart: None

Note: The formal definitions of the Language of Money words begin on the next page. In The Money Game, the number of words and sayings in the Language of Money is much smaller than what is included in the Financial Freedom Playbook used with the full Camp Millionaire program. Feel free to add your own words as well.

Language of Money

401(K) – Retirement plan offered by a for-profit company that allows its employees to set aside money tax deferred for retirement purposes. Some companies will match employees' contributions.

Abundance - The concept or belief that there is enough to go around, enough for everyone.

Appreciation – Increase in value of an asset.

Assets – A valuable item that is owned.

Asset Allocation – How an investor divides money in different asset classes such as stocks, bonds, cash, and real estate.

Amortization – The repayment of a loan in regular amounts over time.

ATM cards (Automated Teller Machine) - A plastic card issued by a bank or other financial institution to a person who has an account at that bank. It enables the account holder to deposit and withdraw money from their account at an ATM machine.

Balance - The amount of money your bank statement says you have in your account at the end of each month. Doesn't mean that's what's in your account right now though!

Bank Statement - A form you get from the bank each month that shows you how much money you have in your account as of the date on the statement, how much you put into your account that month, how much you took out of your account that month (withdrawals, checks, ATM, debit card purchases) and any fees you paid.

Balance sheet – Lists the value of assets, liabilities, and net worth of a person or company.

Bear market – A prolonged period in which stock prices fall accompanied by widespread pessimism.

Board of Directors – Individuals elected by a corporation's shareholders to oversee the management of the corporation.

Bond – Investment involving lending money to governments (city or national) or corporations. It has a face value (the amount it is worth when it matures), a fixed interest rate, and a fixed maturity date (when the bond holder receives the face value of the bond).

Borrowing - When someone gives you something to use that you must give back.

Budget – A forecast of your income and expenses expected for some time in the future. This is also known as your SSP or Savings and Spending Plan.

Bull market – A prolonged period in which stock prices rise faster than the historical average.

Capital – Wealth in the form of cash or goods used to generate income. Also, the net worth of a company (assets minus liabilities) is also called capital.

Cash flow – A measure of a company's financial health. It equals cash taken in less cash paid out over a given period of time. It is also called net worth.

CEO – Stands for chief executive officer – usually the president of a company.

CFO – Stands for chief financial officer – the executive responsible for the financial planning and record keeping for a company.

Certificate of Deposit (CD) – A low risk, low return investment offered by banks or savings and loans. It is also called a "time deposit" because the investor has agreed to keep the money in the account for a specified period of time – 3 months to six years. There is a monetary penalty for taking the money out before its maturity.

Check - A form of payment for a purchase that tells the person or business you wrote the check to that you have the money in your account so when they deposit your check into their account, the bank will transfer that amount of money into their account to complete the purchase.

Collateral – Property (land, house, stocks and bonds, car, jewelry, art, etc.) of value used to secure or guarantee a loan. If the loan is not paid, the lender can take the property (collateral) as payment instead.

Collectibles – Items such as baseball cards, antiques, or coins that have value due to their rarity or desirability.

Commission – A fee charged by a broker or agent for his/her services in helping with a transaction such as buying stock or real estate.

Compound Interest – Interest paid on the original deposit plus accumulated interest of prior periods, i.e., when your interest earns interest.

Corporation – A form of business organization that is granted a charter by a state giving it legal rights as an entity separate from its owners. It is characterized by the limited liability of its owners and the issuance of shares of stock.

Credit – A person’s ability to borrow money.

Credit cards – Cards used to borrow money or buy goods and services, with the promise of paying later. Credit card purchases include interest if not paid by the due date each month.

Custodian – Agent, bank or trust company that holds and safeguards an individual’s assets for them.

Debit cards - Similar to a check, a debit card is a promise that the recipient will be paid out of your bank account immediately, electronically. As it is taken directly from funds in your bank account, no debt is incurred.

Debt – An IOU or an obligation to pay. Bonds are debt instruments.

Default – Failure to pay back money on a timely basis that you borrowed from another.

Depreciation – Decrease in value of an asset.

Demand - When the public wants a product or service. Works hand in hand with “supply.”

Discount broker – One who charges lower commission rates than a full service broker but provides fewer services such as research and advice.

Dividend - A piece of the profits that some companies decide to pass on to their stockholders.

Diversification – Investing in a wide variety of investments to reduce your overall risk since some investments may perform better than others at any given time.

Dollar cost averaging – Investing the same amount of money on a regular schedule regardless of the price. For example, buying \$25.00 worth of McDonald’s stock every month. Stock prices may move up or down, but when you spread your purchase out like this, you get more shares when the price is down. Thus you buy most of your shares at a price lower than the average price.

Down payment – The part of the purchase price for a house/car or other large purchase that the buyer pays in cash, up front before he obtains a mortgage or loan on the remaining balance. Normally the larger the down payment (greater than 20%), the better interest rates you can get on a mortgage.

DRIP – (dividend reinvestment plan) - Automatically buys more shares of stock with profits without paying brokerage commissions.

Earned income – Income from paid employment, such as wages, salaries, tips, commissions, and bonuses as opposed to income from an investment that is unearned.

Earnings – The amount that is left of a corporations sales (revenue) after they have paid all of their expenses.

Earnings per share (EPS) – The total earnings of a company divided by their number of shares outstanding. EPS can be determined for any previous year (called trailing EPS), the current year (called current EPS), or for the future (called forward EPS). The last two would be estimates.

Expenses - Things that cost you money, i.e., in a business, expenses would include office rent, paper supplies, advertising, etc. At home, expenses would include rent or your house payment, food, insurance, gas, etc. Business expenses are often tax deductible.

FDIC – (Federal Deposit Insurance Corporation) - An agency of the U.S. government, established in 1933, that insures deposits up to \$100,000 if the bank defaults (goes out of business).

Financial Freedom or Independence – When your monthly income exceeds the monthly expenses of your chosen lifestyle. Not being dependent on anyone else for your financial expenses: housing, transportation, food, etc.

Financial planner – An investment professional trained to help you plan and reach your long-term financial goals through investments, tax planning, asset allocation, retirement planning, and estate planning.

Financial statement – A written report that quantitatively describes your financial health at any given point in time. This includes what you own (assets) minus what you owe (liabilities) (a balance sheet), and your income and expense (an income statement). You must prepare a financial statement when you wish to qualify for a loan.

Gross Pay - The total amount of your paycheck before taxes and other deductions are taken out.

Index Fund – A type of mutual fund that attempts to mimic the performance of a particular index (such as the S & P 500) by buying similar amounts of similar stocks as that index consists of.

Inflation – The technical term for a rise in prices. Inflation usually occurs when there is too much money in circulation and not enough goods and services. Due to this excess demand, prices rise.

Insurance – A promise of compensation for specific potential future unexpected loss or injury in exchange for a periodic payment (e.g., health insurance, car insurance, home owner insurance, life insurance).

Interest – 1) A fee charged by a lender for the use of borrowed money, or 2) The return on an investment.

Interest-compound – Interest paid on the original deposit plus accumulated interest of prior periods, i.e., when your interest makes interest.

Interest-simple – Interest on the original deposit only.

Investing - When you put your money to work for you (see investment).

Investment – The outlay of money to purchase assets such as stocks, bonds, real estate or a business with the objective of making a profit when sold or receiving an income from dividends, interest, or rent while it is owned.

Investor - One who makes a business of investing in stocks, real estate, business, etc.

IPO – Initial Public Offering – the first time a company's stock is sold to the public.

IRA – (Individual Retirement Account) A retirement account that allows you to invest a set amount of money each year (used to be \$2000, is now \$3000 federal) where it will earn interest and/or dividends on a tax-deferred basis. You may begin withdrawing the money when you are 59½ years old. Withdrawing before that time incurs a 10% penalty.

IRS - (Internal Revenue Service.) The agency that is responsible for collecting our federal income taxes.

Leverage – The degree to which an investor or business is using borrowed money to operate. If a person or company is highly leveraged they run the risk of not being able to make payments on their debt. Using other people's time, energy and money to make you money.

Liability/liabilities – What you owe; a financial obligation or debt.

Loan – Money or property given to a borrower with the agreement that the borrower will return the property or repay the money, usually with interest, at a specified time.

Maturity date – Date a loan must be paid back.

Millionaire - A person whose net worth (their assets minus their liabilities or what they own minus what they owe) is at least one million dollars.

Money market fund – Type of mutual fund that buys short-term, low risk securities. The main goal is the preservation of the principal. It usually offers a higher rate of interest than bank checking or savings accounts and the money is very accessible. Most of these accounts are not FDIC insured.

Mutual fund – A fund operated by an investment company that collects money from shareholders and invests it in a group of assets as determined by that fund's objective. Fidelity is an investment company and Magellan is a mutual fund with a “large growth” objective.

NAIC – (National Association of Investors Corporation) A non-profit organization designed to help investors create or join investment clubs. This organization offers a variety of investment-related publications, online newsletters, software and videos that provide information on the investing process.

NASDAQ – (National Association of Security Dealers Automated Quotation System) A computerized system that facilitates the trading of stocks. Unlike the NYSE, the NASDAQ does not have a physical trading place that brings actual buyers and sellers together.

Needs - Things in life you have to have to live, i.e., food, water, air, transportation, housing.

Net asset value – The current market value of a single mutual fund share, calculated daily.

Net Pay - The amount of your paycheck after taxes and other deductions have been taken out.

Net worth – Total assets minus total liabilities.

No load – Mutual fund that does not charge a sales fee (load).

NSF - Stands for insufficient funds, i.e., if you write a check and don't have enough money in your account to cover it you will get a NSF notice and be charged NSF fees.

NYSE (New York Stock Exchange) – The oldest and largest stock exchange in the United States, it still uses a large trading floor (located on Wall Street in New York City) where representatives (called brokers) of buyers and sellers conduct transactions.

Passive income – Income received from business investments or real estate in which an individual is not actively involved, such as rent from an apartment building.

PE Ratio – Price per Earnings ratio – A common measure of how much investors are paying for the earnings of a company. A PE of 25 means investors are paying \$25.00 for every dollar of earnings.

Pension – A benefit (money or compensation) offered by some employers and received after a person retires. These plans generally pay you a monthly income based upon your years of service with the employer.

Philanthropy – Increasing the well being of humankind by charitable aid or donations.

Points – A finance charge paid by the borrower at the beginning of a loan. One point is the same as one percent of the loan amount.

Portfolio – A collection of one's investments (stocks, bonds, mutual funds, real estate).

Portfolio income – The income received from the investments in a portfolio.

Principal - The amount of money borrowed or the part of the amount borrowed that is still owed. In investing, the principal is the amount of the original investment.

Profit - The money a business makes after it pays all its expenses.

Prospectus – A disclosure document telling the details of the mutual fund shares or stock of the company that issues it. The purpose of the prospectus information is to help an individual decide if the investment is right for him/her.

Reconcile – (same as balance) – To make sure your banking records (normally for a checking account) match your monthly bank statement.

Register - What you keep track of your spending in, e.g., checks you write, debit card purchases, deposits, withdrawals, etc.

Retirement – The point at which a person chooses to stop working full time. Legal age to receive federal social security payments is 62 and the amount you get increases if you retire at a later age.

Rich - A word some people use to describe someone that has a lot of value, i.e., a millionaire might be considered rich; a piece of chocolate cake might be considered rich!

R.O.I. (Return on Investment) - The profit that you make on an investment, expressed as a percentage. If you put \$1000 into an investment and one year later it's worth \$1,100 you have made a profit of \$100. Your ROI is your profit (\$100) divided by the initial investment (\$1000) or 10%.

Rule of 72 – The method used to determine how fast your money will double at a given interest rate. Money earning 6% will double in 12 years. 72 divided by the interest rate equals the number of years it will take for you to double your money.

Salary - A set amount of money you are paid each month for your job.

Saving - The act of accumulating something.

Savings account – An account in which the money earns interest but cannot be withdrawn by check writing.

Scarcity – An insufficient supply of something; the philosophy that there isn't enough to go around.

Security – Tradable document, such as stocks or bonds, which shows evidence of debt or ownership, such as a share of a business.

Share (same as a stock certificate) – A certificate representing one unit of ownership in a corporation, mutual fund, or limited partnership.

Social security – A government program that provides workers and their dependents with retirement income or disability income. The social security tax on wages is used to pay for this program.

Supply and demand – The concept that the price of an item is determined by the point at which the quantity available (supply) equals the quantity demanded. The price of an item will usually rise if there is more demand for the item than there is quantity available (Tickle-Me-Elmo a few years ago). Prices will usually fall if there is more of an item available than there is demand for it (department store sales).

Stock – An instrument that shows ownership in a corporation and represents a claim on a percentage of the corporation's assets and liabilities. The percentage is determined by the number of shares owned in relation to how many share exist.

Stock certificate - A document that represents ownership in a corporation.

Tax – An amount of money levied by a government on a product or a person's income. There are various kinds of taxes such as income tax, sales tax, gasoline tax, and property tax. Taxation funds government services such as road improvement, public educations, and street cleaning.

Tax deferred – Earnings from an investment normally that do not get taxed until the year in which you use the money (see IRA).

Tax exempt (same as tax free) – Earnings from an investment that never get taxed. Some cities issue bonds that earn interest tax-free.

Tithing – Giving a percentage of one's income as a donation, usually on a regular basis, to a worthy cause, such as a church, a mission, or Green Peace. Also known as donating or giving or philanthropy.

Total return – The amount received from an investment, including dividends, interest, and the appreciation or depreciation in the price, over a given period of time.

Treasury bills – (T-bills) – United States government debt obligations that mature in one year or less and are exempt from state and local taxes. They are low risk since they are backed by the government. Bills and bonds are one way in which the government raises money for its projects.

Treasury bonds – A coupon-bearing long-term debt instrument issued by the US government ranging from 10-30 years maturity issued in minimum denominations of \$1000. Interest is paid by redeeming a coupon every six months.

Value - When someone feels like something is worth something. Something 'has value' or is 'valuable'.

Values - Usually refers to a person's morals or ethics or beliefs.

Volatility – A measure of the price movement of a security or the stock market in general. If prices move up and down quickly over short periods of time, the stock has high volatility. If the price rarely changes, it has low volatility.

Void - When you write a check and mess it up and need to destroy it you write VOID in the checkbook register or sometimes write VOID on the check itself.

Wall Street – A common name for the financial district in New York City and the street where the New York and American Stock Exchanges are located.

Wants - The stuff in life we don't necessarily need but have a desire for, i.e., a new bike or car, going on vacation, new clothes, a new stereo.

Withholding tax – Amount of an employee's income that is an employer sends directly to the federal and state governments as partial payment of an individual's tax liability for the year.

Yield – The annual rate of return on an investment expressed as a percentage, similar to ROI.