

Dirk makes smart spending choices

Students experience an interactive adventure about smart spending practices for new servicemembers and then work as a group to write a short, persuasive speech about how to make smart spending choices.

Learning goals

Big idea

Making smart decisions can help you avoid debt and ensure your future financial security.

Essential questions

- How can I avoid misusing credit?
- How can I build savings and create a safety net for emergencies?

Objectives




- Describe how to avoid five common financial challenges
- Understand why it's a good idea to save for emergencies

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

-  Executive function
-  Financial habits and norms
-  Financial knowledge and decision-making skills

Grade level: High school (11-12)

Age range: 16-19

Topic: Save and invest (Building emergency savings), Spend (Budgeting, Buying things), Borrow (Managing credit)

School subject: JROTC/ROTC (Servicemembers)

Teaching strategy: Blended learning, Cooperative learning, Personalized instruction

Bloom's Taxonomy level: Remember, Understand, Apply

Activity duration: 75-90 minutes

National Standards for Personal Financial Education, 2021

Spending: 8-1, 8-4, 12-1, 12-2, 12-9

Saving: 8-1, 8-2, 12-9

Managing credit: 8-1, 8-2, 8-4, 8-7, 12-1, 12-2, 12-6, 12-9, 12-10, 12-13

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

ABOUT

Misadventures in MONEY MANAGEMENT

PRESENTED BY THE CONSUMER FINANCIAL PROTECTION BUREAU

Misadventures in Money Management (MiMM) educates, advises, and trains future and current servicemembers and their families on critical financial decisions and consumer rights. The program is available for use by all of the U.S. Armed Forces. MiMM follows the stories of seven servicemembers, each covering a different financial topic:

- Angela - Debit, credit & credit scores
- Cruz - Car buying tactics
- Dirk - Smart spending
- James - Impulse purchases
- Miya - Budgeting, saving & investing
- Sonya - Emergency relief & researching
- Xavier - Debt advice & student loans

MiMM focuses on some of the unique problems and solutions that servicemembers experience.

What students will do

- Complete an online, interactive adventure independently or as a group.
- As a group, write a short, persuasive speech about making a smart spending choice.
- Reflect on how to make smart spending choices in five common situations.

Preparing for this activity

- ☐ While it's not necessary, completing the "Creating a savings first aid kit" or the "Distinguishing between credit myths and realities" activities first may make this one more meaningful.
- ☐ This activity may take multiple days to complete as student groups will need to complete the interactive story, write a short speech, listen to other groups' speeches, and answer reflection questions.
- ☐ Print copies of all student materials for each student, or prepare for students to access them electronically.

TIP

If your students have access to computers or tablets with Internet access, they can also complete the adventure as homework. Direct them to <https://mimm.gov/>, where they can complete the entire program, get a certificate of completion, and email their unique certificate to you or print it out. Students can only get a certificate for completing the entire program, not when they finish each character's story.

- Become familiar with the Misadventures in Money Management (MiMM) online graphic novel at <https://mimm.gov/>.
- Review Dirk's MiMM adventure, "Smart spending." If time permits, it may be helpful for you to complete his MiMM adventure on your own before class.
- Decide if you want students to complete Dirk's MiMM adventure as a whole class, in small groups, or individually.
 - If you choose to complete the adventure as a whole class, obtain a computer with Internet access, a projector or smartboard, and speakers.
 - If you choose for students to complete the adventure in small groups or individually, provide them with computers or tablets with Internet access and with headphones to manage the noise.

What you'll need

THIS TEACHER GUIDE

- Dirk makes smart spending choices (guide)
[cfpb_building_block_activities_MiMM_dirk-makes-smart-spending-choices_guide.pdf](#)
- A computer with Internet access, a projector or smartboard, and speakers (if you choose to complete the online portion as a whole class)

STUDENT MATERIALS

- Dirk makes smart spending choices (worksheet)
[cfpb_building_block_activities_MiMM_dirk-makes-smart-spending-choices_worksheet.pdf](#)
- Computers or tablets with Internet access and headphones (if you choose for students to complete the online portion in small groups or individually)

Exploring key financial concepts

Thousands of servicemembers are separated each year from the military for financial issues. This takes a toll on those military families and the discharged servicemembers' units. Servicemembers can face situations that aren't found in other professions, like constant changes in duty station. This can cause financial challenges that are unique to servicemembers and their families. Five financial challenges servicemembers can experience are:

- Buying a car that is too expensive
- Having zero savings for emergencies

TIP

Because financial products, terms, and laws change, students should be encouraged to always look for the most up-to-date information.

- Using a credit card without properly budgeting to pay off the balance in a timely fashion
- Using rent-to-own without researching all available options
- Taking out a loan without understanding the loan terms

When you're just starting out in your career, it may be tempting to use credit to spend more than you earn. But that could be risky. Mistakes in using credit can cost a lot of money. Instead, make smart choices that help build your financial security and help you pay for emergencies.

Teaching this activity

Whole-class introduction

- Introduce the Misadventures in Money Management (MiMM) program if students aren't familiar with it.
 - MiMM is an online graphic novel in which students make decisions for the characters as they move through the story. CFPB created the program to educate, advise, and train current and future servicemembers on critical financial decisions.
 - The program focuses on some of the unique problems and solutions that servicemembers experience.
- Explain to students that they'll explore the MiMM character of Dirk.
 - Dirk encounters situations where he is tempted to make purchases that put his financial future at risk. His choices have the potential to either increase his debt or put him on the road to building his savings.
- Ask students to share what they know about using credit and saving.
- Read the "Exploring key financial concepts" section to students.

Know before you sign

Before you sign a loan agreement to buy a car, get a credit card, buy a house, or make some other purchase, make sure you fully understand the:

- Total amount you are borrowing
- Payment amounts
- Payment due dates
- Total finance charge (the total cost of the credit you must pay to get the loan)
- Annual Percentage Rate (APR) – the cost of credit expressed as a yearly rate
- Penalties for late payments
- Steps the lender can take if the loan isn't paid back
- Prepayment penalties (a fee that may be charged if you pay back the loan early)

Lenders are required to give you their terms and conditions so you can compare different loan offers. If you don't understand something about your loan, always ask for an explanation. And if the lender can't explain something clearly enough to you, then walk away. After all, it's your money at risk.

- Be sure students understand key vocabulary:

- **Borrower:** A person or organization that borrows something, especially money from a bank or other financial institution.
- **Budget:** A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time; also called a spending plan.
- **Credit:** Borrowing money, or having the right to borrow money, to buy something. Usually it means you're using a credit card, but it might also mean that you got a loan.
- **Debt:** Money you owe another person or a business.
- **Financial well-being:** The ability to meet all financial needs, today and over time; feel secure in the financial future; absorb a financial shock; and have the financial freedom to make choices to enjoy life.
- **Lender:** An organization or person that lends money with the expectation that it will be repaid, generally with interest.
- **Loan:** Money that needs to be repaid by the borrower, generally with interest.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Individual and group work

Completing the online, interactive adventure at <https://mimm.gov/>

- Students can complete Dirk's adventure as a whole class, in small groups, or individually.
 - If you choose to complete it as a whole class:
 - Use the decision points in Dirk's story to spark discussions and decide as a class what choice to make.
 - Help students build their understanding by clicking on the suggested resources and additional information that come up throughout the adventure.
 - If students work in small groups or individually:
 - Move among the students to check on the decisions they're making and what they're learning from their choices.
 - Encourage students to pause at each decision point and reflect on what happened to Dirk as a result of that choice.

- Help students build their understanding by encouraging them to click on the suggested resources and additional information that come up throughout the adventure. The suggested resources help students gather additional information to complete each character's final challenge.

Completing the worksheet

- Distribute the "Dirk makes smart spending choices" worksheet to each student.
- Divide students into five groups to complete the "Common financial situations for servicemembers" section of the worksheet.
- Assign one of Dirk's five financial situations to each group. These align with the objectives in Dirk's "Smart spending" story:
 - Buying a car
 - Spend or save
 - Social spending (Using a credit card)
 - Rent to own
 - Taking out a loan
- Tell each group that they'll work together to write a short, persuasive speech about how to avoid their assigned situation.
 - Replay or have students replay the Dirk story so they can review the information in the tip sections and take notes about their assigned situation.
 - Students will use their notes to complete the outline on the worksheet. They'll use the outline to help plan their speeches.
 - Students will write speeches that are up to 60 seconds long.
- When students are done with their speeches, ask one student from each group to present the speech to the class.
 - As students listen to other groups' speeches, they'll take notes on the other financial situations.
- Students can complete the reflection questions on their own.

Wrap-up

- Bring the class back together.
- Ask volunteers to share their answers to the reflection questions.
 - Use their answers as a catalyst for a thoughtful discussion.

Suggested next steps

Consider searching for other CFPB activities that address the topics of saving and investing, including building emergency savings; spending, including budgeting and buying things; or borrowing, including managing credit. Suggested activities include “Setting a SMART savings goal”, “Analyzing budgets”, and “Deciding which car and car loan you can afford”.

You can also consider having students review the “Checklist of Lender’s Terms and Conditions” handout in the online adventure.

Measuring student learning

Students’ speeches and their answers on their worksheets and during discussion can give you a sense of their understanding.

This answer guide provides possible entries for the outline in the “Dirk makes smart spending choices” worksheet. **Keep in mind that students’ answers may vary.** The important thing is for students to have reasonable justification for their answers.

Answer guide

Buying a car

Don’t use most of your paycheck to purchase an expensive car (financed at a high rate over a long period of time).

Do buy a car that’s in your budget.

Because this will help you have money for other things.

Spend or save

Don’t have zero savings or no other safety net available. (Don’t rely only on credit cards for emergencies. Credit cards are not emergency funds.)

Do make sure that you put money aside every month for emergencies in a savings account. (Do make a plan to save.)

Because using credit cards for emergencies can increase your debt, which can be dangerous to your financial security.

Social spending (Using a credit card)

Don't use credit cards as free money without thinking about how you'll pay it off.

Do use money in your checking account for routine purchases.

Because too much debt can be dangerous to your financial security. Charging too much debt on credit cards is the primary cause of credit problems.

Rent to own

Don't buy a major item via rent-to-own (furniture or electronics). (Don't buy a major item on an impulse.)

Do buy things with cash or – if you can't afford that – look for something used. (Do shop around, buy used items, or save for big purchases.)

Because sometimes there's a high cost associated with getting the product immediately in the form of high interest rates and rental fees.

Taking out a loan

Don't take out a loan before you've researched the loan terms and compared more than one loan offer.

Do make sure you fully understand all the lender's terms and conditions before you sign an agreement for a loan to buy a car, get a credit card, buy a house or other purchase.

Because choosing the right loan product can help you save money and achieve your financial goals.

Reflection questions

Answers may vary.