

**DOLLARS & SENSE**

**SECONDARY  
School Module**

**ACTIVITY BOOKLET**

**5**



**SMART PHONE**



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## **ACTIVITY 5 - SMART PHONE**

### **MATERIALS REQUIRED**

Dollars and Sense Secondary School Module

Activity Booklet - Provide Activity Booklet 5 to each student.

### **AGENDA MAP**

<b>Time (Minutes)</b>	<b>Activity 5 - Smart Phone Effective Money Management - FINANCIAL RESOURCES Agenda Items</b>	<b>Materials</b>
10	1. Notes - Effective Money Management	3
50	2. Smart Phone Directions	8
60	<b>TOTAL TIME for Activity 5</b>	



## SMART PHONE

### NOTES: EFFECTIVE MONEY MANAGEMENT

There are three areas that will help guide you to effective money management:

1 - planning; 2 - spending; and 3 - managing financial resources. For Activity 1, the focus will be on **financial resources**. Keep in mind that our ancestors were excellent stewards of nature and today we must become stewards of our financial resources.

#### PLANNING

1. BUILD YOUR SKILLS	<ul style="list-style-type: none"> <li>• Build your skills to understand what you need or want in the future and how to generate the money needed for it.</li> <li>• Figure out where your money is coming from and what you're spending your money on.</li> </ul>
2. SET GOALS	<ul style="list-style-type: none"> <li>• What activity would you like to do in the future?</li> <li>• What items would you like to own in the future?</li> <li>• Identify the steps to achieve this future goal.</li> </ul>
3. DEVELOP BUDGET	<ul style="list-style-type: none"> <li>• Identify how much money you will need for your future goal.</li> <li>• What are the steps to save the amount of money needed?</li> </ul>

#### SPENDING

4. USE MONEY WISELY	<ul style="list-style-type: none"> <li>• Spend the money in the way that you've planned.</li> <li>• Spend less money than you make.</li> <li>• Consider all features and costs before making purchases.</li> </ul>
5. KEEP AN EYE ON THINGS	<ul style="list-style-type: none"> <li>• Keep track of how you are working through the steps to achieve the goal and save the money.</li> <li>• If things change, update your planned steps.</li> </ul>

#### FINANCIAL RESOURCES

6. SAVE MONEY	<ul style="list-style-type: none"> <li>• Build your financial resources.</li> <li>• Set aside money needed for your future goal.</li> <li>• Put your money in a deposit account and make money off it if you can.</li> </ul>
7. PROTECT YOUR CREDIT HISTORY	<ul style="list-style-type: none"> <li>• Protect your financial information.</li> <li>• Pay your bills on time.</li> <li>• Build a good credit history.</li> </ul>



## SMART PHONE

### BECOME A WISE CONSUMER

As consumer, you have to guard against many things. One is impulse buying, buying something at the store or mall and when you return you wonder why you made that purchase. The other is marketing and advertising that encourages you to buy the latest \$100 running shoe when a \$40 pair is just as good. Becoming a wise consumer to make your money last longer and to save for the future is key to financial health and wellness.

“According to a 1994 study conducted by Teenage Research Unlimited, teens have real spending power. They spend nearly \$100 billion a year (\$63 billion of it their own money). Teen boys spend an average of \$44 per week of their own money, while girls spend \$34.” (<http://life.familyeducation.com/teen/home-ec/48628.html>)

### WISE CONSUMER TIPS

1. Don't carry a lot of cash to resist buying on impulse.
2. Buy good quality clothing that will last, not shrink, it is worth the money and is durable.
3. Shop around, do not buy on impulse. Check what is in the store and on online.
4. Do some comparison shopping for a better price and a better product. This can be fun.
5. Ask your friends about their experience with the product you want to buy. Did they like it or have any problems?
6. Many stores offer products on sale, offer coupons (advertisements or online).
7. Help non-drivers get to sales. They'll love being able to afford more because they're paying less!
8. Purchasing a label can be costly, but you can also consider waiting for a sale, using a coupon or buying an off label product.



## SMART PHONE (CONTINUED)

9. When you make a purchase, think about how long it took you to earn the money. Are there other things that you need that take priority over the purchase you are thinking of making.
10. For large purchases like electronic products, check consumer reports that rate the product with other similar products. Check online or in your library. This is important because some products like electronics change rapidly. Sometimes costs go down, but, they can also go up.

Read more on Family Education: <http://life.familyeducation.com/teen/home-ec/48628.html#ixzz2yhab5j1w>

### STEPS TO ESTABLISHING & MAINTAINING GOOD CREDIT

1. Establish a good financial story and protect it.
2. Be a shopper (consumer) who is aware. Stick to a budget. Do you NEED it or WANT the item? How will you save for it? Know the full cost.
3. Set up a bank account (savings) with a financial institution.
4. Protect your debit and credit cards

### GOOD FINANCIAL STORY

1. Guard your personal information - never post it on a social network.
2. Protect your Social Insurance Number (SIN) by keeping it in a safe place.
3. Never give your bank, debit or credit account information to anyone.
4. Shield your personal identification number (PIN) from view when using your debit/credit card.
5. Check bills to ensure you made the purchase and report those that are not yours.



## SMART PHONE (CONTINUED)

### OTHER KEY THINGS TO CONSIDER

If you default on your payments, which means that you don't pay or are late with payments. This information goes into your credit history. This information can damage your credit history. You need to make your payments on time.

Remember these steps that are necessary in building or repairing your credit history.

1. Don't make purchases for other people on your credit card. You aren't guaranteed to receive the money in time to make the payment.
2. Pay all of your bills on time. Late payments on a cell phone bill will be reported on your credit report.
3. Pay your debts as quickly as possible. It shows that you are serious about paying your credit.
4. Limit the number of credit applications that you make. If you make numerous credit applications, institutions become suspicious.
5. Review your monthly statements and make sure they are correct.
6. Report unauthorized transactions on your credit card immediately to get it resolved.

### CREDIT AND CREDIT HISTORY

1. **What is credit?** Everyone needs credit at some time; credit involves borrowing money to make a purchase. There is a plan to pay it back. For borrowing money you pay interest. There may also be an application fee.
2. **What is a credit history?** It is a report of how you paid your debts in the past. Banks look at your credit history when you apply for a loan or credit card. A credit report shows how you have handled credit before, it also has information on your current loans and employer.

One way consumer purchase goods or services are on credit. Credit cards and credit can be arranged through banks, stores and other financial institutions. Understanding credit is important to understanding long-term financial health.



## SMART PHONE (CONTINUED)

If you do not pay for your purchase on time, usually monthly, you are charged interest. Interest can range from the going rate of interest to higher rates depending on the credit card you selected. Some consumers are unable to pay their credit card or credit bills and end up with a bad credit rating. Ratings or consumer credit reports are kept by banks and other rating services like credit bureaus

### SECRETS OF FINANCIAL WELLNESS

Our elders say that we are only as healthy as the environment. This includes our financial environment, our ability to plan, achieve goals and enjoy our lives. Our ancestors lived within their ability to harvest food from the natural world. Just like our ancestors, we need sound financial practices.

### SOUND FINANCIAL PRACTICES

- Live within your means - **spend less than you make/receive.**
- Save (10%) some of the money earned/received and put in a savings account.
- Create a budget/spending plan.
- Track your spending - write it down to be aware of your spending habits.
- Ask yourself if it is something you **NEED** to buy or is it only **NICE TO HAVE.**
- Spend wisely - compare prices and wait for sales.



## **ACTIVITY 5 DIRECTIONS - SMART PHONE**

<b>TIME (Minutes)</b>	<b>ACTIVITY 5 DIRECTIONS</b>
2	1. Refer to Activity 5 Booklet - Smart Phone.
30	2a. Working in pairs, you have 30 minutes to perform this task. 2b. Read the advertisement and write your answers to the questions on the Smart Phone Worksheet.
15	3. Share responses with the class.
3	4. Facilitator summarizes key findings.
50	<b>TOTAL Activity Time</b>



## ACTIVITY 5 - SMART PHONE ADVERTISEMENT



**GREAT DEAL!!!**

**NEW SMART PHONE FOR SALE!!**

**COOLEST APPS AND COOLEST**

**COLOURS FOR THE TEEN ON THE GO!!**

**BE THE FIRST ONE TO OWN ONE OF THESE!!**

\*0 \$\$\$ DOWN! 1ST THREE (3) MONTHS FREE!!

\*This offer is conditional upon ability to get credit or have a co-signer.

You must sign a contract for two (2) years to be eligible for this special offer.

**Contract terms:**

After the three (3) months, the regular monthly rate plan for ownership is \$25.00. You must pay this monthly rate for twenty-one (21) months as covered in the two (2) year contract. This covers only local talk time, up to a maximum of sixty (60) minutes, per month. Each additional one (1) minute of talk time is 0.15 cents.

Each text will cost 0.25 cents. This includes outgoing and incoming messages.

Each digital download and app will range from \$1.00 to \$2.50.

All transactions are subject to the HST (13%)

The cost of cancelling this phone is full payment of the twenty-four (24) months (2 years) and a service charge of \$150.00. This is also subject to the HST (13%).



## ACTIVITY 5: SMART PHONE WORKSHEET

Question or Problem	Answers
<p>Q1 - What are the key features of this phone? What words do the advertisers use to hook you in?</p>	
<p>Q2 - Let's find out the real costs! Calculate the contract of owning of this phone. You must sign a contract and commit to paying for twenty-one (21) months. How much is this?</p> <p>Add in the HST. Example (<math>\\$100.00 \times 13\% = 13.00</math>, Therefore, the total, including taxes, is <math>\\$113.00</math>)</p>	
<p>Q3 - How much local talk time do you get? Is this enough per month?</p>	
<p>Q4 - What is the cost of extra talk time per month? *Did you know that the average teenager will talk 600 minutes per month on a phone?</p>	
<p>Q5 - What is the cost of texting? *Did you know that the average teenager receives 300 texts per month and sends about 300 texts per month (for a total of 600 sent and received)?</p>	
<p>Q6- What is the cost of downloads and apps? *Did you know that the average teenager will download (music, wallpaper, video) many apps (games, social networks) onto their phones? The average is 50 downloads and apps per month.</p> <p>Q7 - What is the cost of cancelling the phone? *Did you know that the average teen will upgrade their phones every one (1) to two (2) years? This means they have to pay a service charge for this upgrade.</p>	
<p>Q8: Is this a good deal? Why or why not?</p>	



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