

## LESSON 1:

# SMART Money: Why it Pays to be Financially Responsible



## Money Mastermind Lesson 1, Worksheet 1: Know the Lingo

Do you ever feel like money terms go right over your head? The reality is that you probably already know and use a lot of financial vocabulary. Read through the terms below and think about how they connect to your life.

### Terms to Know

### How Does This Relate to Me?

#### Cost Comparison

Comparing the cost of two or more goods or services in an effort to find the best value.

*When have you used cost comparison?*

*Provide an example:* \_\_\_\_\_  
\_\_\_\_\_

#### Cost-Benefit Analysis

Analyzing whether the cost of an item is more than, equal to, or less than the benefit that comes from purchasing that item.

*When have you used cost-benefit analysis?*

*Provide an example:* \_\_\_\_\_

*Identify something you want to do or purchase:* \_\_\_\_\_

*What is the cost?* \_\_\_\_\_

*What is the benefit?* \_\_\_\_\_

- **Cost** – The price paid for a good or service.

- **Benefit** – An outcome that promotes well-being.

#### Calculating Future Expenses

Identifying the cost of meeting future needs and goals.

*Identify 3 personal goals. Think about what is needed to accomplish each goal.*

*Short-term goal:* \_\_\_\_\_

*Medium-term goal:* \_\_\_\_\_

*Long-term goal:* \_\_\_\_\_

- **Short-term, medium-term and long-term goals** – Goals to achieve over specific periods of time.

#### Budget

A plan for future spending and saving, weighing estimated income against estimated expenses.

*Choose one of your goals from above and estimate its expense. How much income do you estimate will be needed to support your goal?*

*Goal:* \_\_\_\_\_

*Estimated (monetary) expense:* \_\_\_\_\_

*Estimated income needed:* \_\_\_\_\_

- **Income** – Payment received for goods or services, including employment.

- **Expense** – Cost paid to secure a good or service.