Week of April 6-10, 2020

COON

All of these assignments are on google classroom. You must pick one of the 3 listed and complete by next Monday, April 13 for credit. If you would like to use google docs to complete the work that would be most efficient. However, paper copies can be returned to the school.

Class	Choice 1	Choice 2	Choice 3 (Enrichment)
Ag Science	Anatomy of Animal Reproduction Systems Part 1	Reproductive Development of Animals Part 2	FFA journal
Ag Business Mang	Personal Finances	Time Value of Money	Chart work experiences
BSAA	Heredity and DNA	Animal Growth and Development	Animal Nutrition
Landscape Design	Turf Grass part 1	Turf Grass part 2	Analyzing a Landscape
Intro To Ag	History of Ag part 1	History of Ag part 2	Supervised Ag Experience Part 1
Ag Mech.	Principles of Small Engines	Small Engines and their components	Small engines tear down

April 6-10th

MR. Coon Ag Business Date Name

Personal Money management

Checking Your Knowledge:

1. What is budgeting?

2. How is budgeting important in the development of personal financial goals?

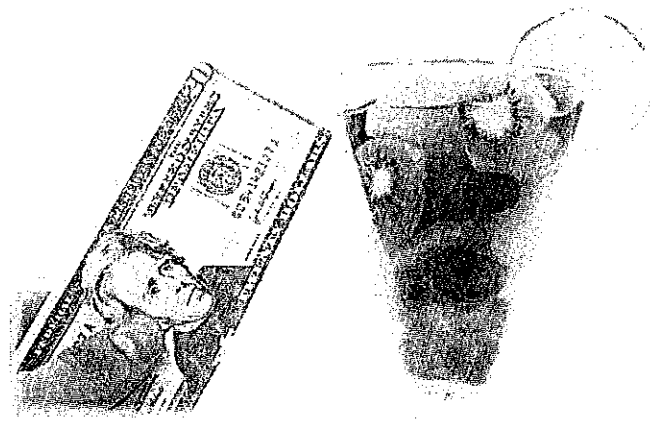
3. What are three of the common types of checking accounts?

4. What are five simple items commonly required when opening a checking or savings account?

5. What are common practices to protect your debit card?

Personal Finances and Goals

IT IS THE END OF THE DAY, and you want to stop for a snack. Do you have money? Did you plan for snacks in your weekly budget? You may have $2 or $20,000. Regardless, it is important to know the basics of organizing and managing your own money.



Objective:

Explain the key areas of personal finances and goals.

Key Terms:

automated teller machine
budget
check maker
checking account
financial-planning process
goal

Financial Management

Financial management is important in organizing and managing personal resources. Financial management provides information for daily financial standing and for setting priorities and needs. It provides information for planning credit needs and assists in tax planning and reporting.

DEVELOPING FINANCIAL GOALS

A **budget** is a formal written or unwritten plan that projects the use of assets for a future time. Budgeting allows a person to identify and track income and expenses. When income and expenses are recorded and tracked, estimates can be made as to how much is needed for the

following week/month/or year. After establishing a well-organized budget, setting financial goals is easy.

The **financial-planning process** is a series of steps that can be followed to meet specific goals and objectives. A **goal** is a broad, general statement specifying what the individual wants to accomplish. An individual should consider short-term, medium-term, and long-term goals. There are six steps in the financial-planning process:

1. Gather personal and financial data.
2. Establish financial goals and objectives.
3. Analyze financial information to identify alternatives to achieve goals and objectives.
4. Develop a financial plan.
5. Implement the plan.
6. Review the plan on a regular basis.

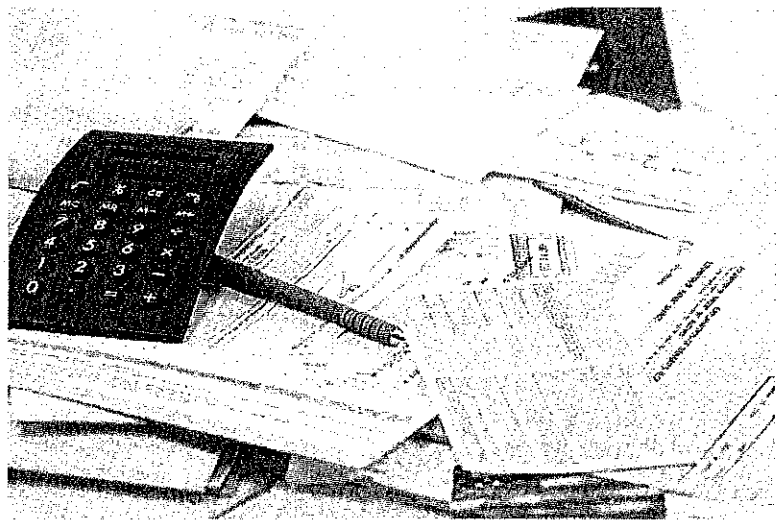


FIGURE 1. Budgeting allows a person to identify and track income and expenses.

TYPES OF CHECKING ACCOUNTS

A **checking account** is an account in which a user makes deposits and may write checks to be paid from the account. The more popular checking accounts available at many financial institutions are basic, free, interest-bearing, joint, express, lifeline, senior/student, and money market.

1. The basic account is designed for people who use a checking account to pay some bills and use a debit card to pay for some daily expenses.
2. The free account is the most commonly used account. At many financial institutions, a free checking account will not have a monthly service charge or fees regarding the balance or activity of the account.
3. Interest-bearing accounts usually require a minimum balance to open. The account may have to maintain a high balance to gain interest and to avoid fees.
4. Joint accounts are owned by two or more people. The people on the account have equal access.
5. Express accounts are designed for people who prefer to bank by automated teller machine (ATM), telephone, or computer. An **automated teller machine** (ATM) is

ON THE JOB...

CAREER CONNECTION: Personal Financial Advisors

Personal financial advisors provide analysis and guidance to individuals or businesses that may be looking to make an investment decision. These advisors gather financial information, analyze and research, then make recommendations to their clients regarding the investment of funds. Financial advisors typically work in offices or out of home offices. They work long hours and travel to visit clients and potential investors.

A bachelor's degree is typically required to be a personal financial advisor. Many advisors pursue and complete a master's degree in finance or business administration. This type of job requires good interpersonal skills and an interest in finance.

a device in which a checking or savings account holder can withdraw or deposit funds and verify the account balance.

6. Lifeline accounts are designed for people with low incomes. These accounts typically have some or no monthly fees, require a low or no minimum deposit and balance, and require the user to write a certain number of checks per month.

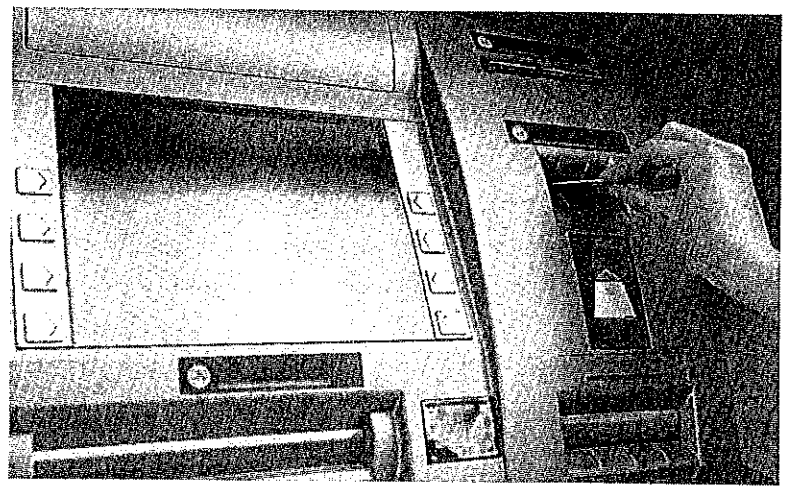


FIGURE 2. An ATM is an automated teller machine.

7. Senior/student accounts are special accounts designed for students or people 55 or older. Some financial institutions may include free checks, cashier's and traveler's checks, free ATM use, and better rates on loans and credit cards.
8. Money market accounts combine checking with savings and/or investment opportunities to help a person track higher earnings.

Opening an Account

A person can apply, open, and balance a checking or savings account online or in person at the financial institution. Accounts can be balanced at an ATM, online, on the phone, or by reviewing the monthly statement mailed by the financial institution.

There a few simple items an individual must have to fill out a new account application. These may vary depending on the type of account and on the financial institution.

1. Social Security number
2. Date of birth
3. Current street and mailing addresses
4. Years at current residence
5. Previous address (if less than three years at current address)
6. Current employment information
7. Previous employment information (if less than three years at current employer)
8. E-mail address

Balancing an Account

A checking account holder should balance the account on a monthly basis. However, it is important and highly advised from many financial institutions that accounts should be reviewed daily because of the chance of identity theft. This can be done through online applications and helps to reconcile the account holder's records with the monthly statement. Important steps in balancing a checkbook include:

1. Marking deposits and checks that have cleared the bank
2. Adding to the current balance those checks that are written but not cleared
3. Subtracting any deposits made but not cleared
4. Subtracting any service charges and adding any interest
5. Comparing the ending balances in the checkbook against the monthly statement

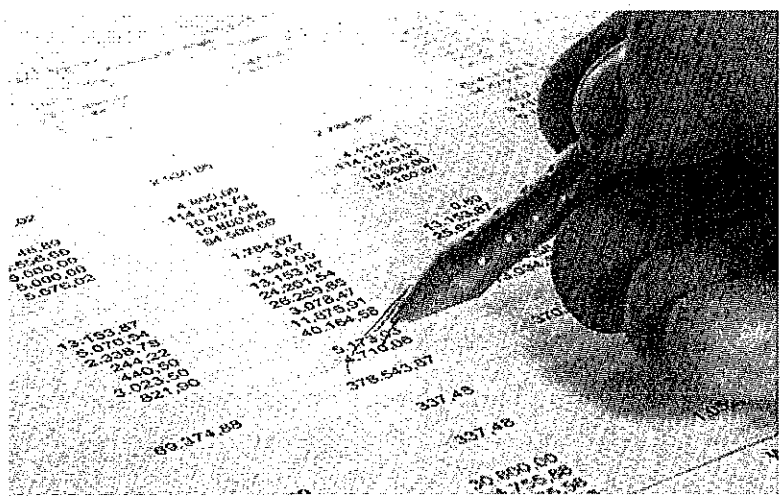


FIGURE 3. A checking account should be balanced on a monthly basis.

Components of a Check

There are several components to a check. An account holder should be aware of each component and the proper use of checks. Checks should be written correctly, or errors can occur during processing. Follow the provided steps to understand "the check" and its components.

1. Depositor—This part of the check can be called the maker of the check. This identifies the person to whom the bank account belongs—the **check maker**. The name and address of the check writer is found in this area. Some people include their driver's license number or telephone number on the check.
2. Check number—This is the sequential number of the check. These numbers help with personal bookkeeping as well as tracking debits.
3. Date—This line is used for the date the check was written.
4. Pay-to field—This is where the check writer indicates the payee.
5. Check amount fields—There are two areas on a check that will indicate the amount of money the check represents. The numerical form is found in the box. The written form is found on the line provided in the style of "ten dollars and no/100 cents."
6. Name of financial institution—This area of the check informs the payee which financial institution guarantees the funds represented by the check.
7. Memo—This line is used by the check maker to indicate the intended use (e.g., loan payment) of the check.
8. Bank routing information, bank account number, and check number—These numbers are presented across the bottom of the check. The bank routing number is located on the far left at the bottom. This represents the bank or financial institution that holds the account. The center number is the bank account number. The check number is located on the far right at the bottom of the check.

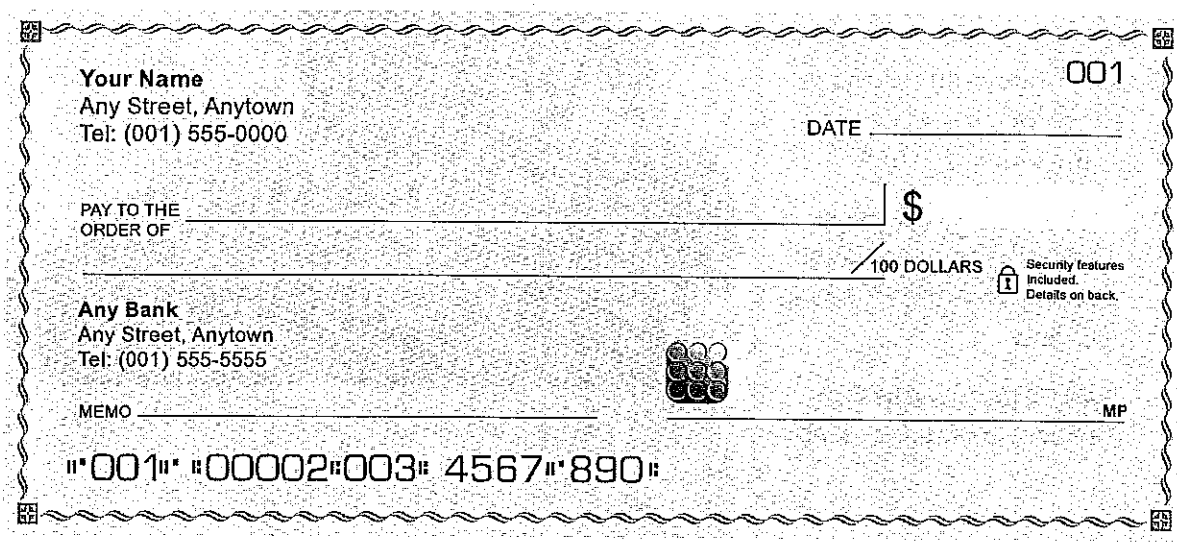


FIGURE 4. Parts of a check.

9. Signature line—This area is used by the "check maker" to validate the transfer of funds from the maker to the payee.
10. Endorsement lines (on the back of the check)—These lines are used by the payee to endorse the check.
11. Bank information (on the back of the check)—This area is reserved for bank use. The payee and check writer should not mark in this area. The bank will often use this area to print information concerning the payment.

Writing Checks

There are certain guidelines that should be followed when writing checks.

1. Write checks only in permanent ink.
2. Always include the purpose of the check. Use the memo line.
3. Avoid leaving space next to the dollar sign.
4. Always make sure all written words are spelled correctly.
5. Void any check with a mistake.

FUNCTION OF A DEBIT CARD

When an individual opens a checking account, he or she should expect a debit card or check card to be included. Traditionally, ATM cards were allowed for the withdrawal of cash or to perform transactions at automated teller machines. Yet the debit card can offer flexibility for purchases. The following are a few functions of a debit card.

1. Cards with pin numbers allow for protection against identity theft.
2. The money that is used for purchases is deducted directly from the checking account.
3. Some banks charge fees for the use of debit cards.

FIGURE 5. The debit card can offer flexibility for purchases.

Use of Debit Card

The proper use of a debit card is important. The account holder should be aware of the following when using a debit card:

1. Be aware of the type of debit card.
2. Protect the debit card, and keep it in a safe place.
3. Do not leave the debit card lying around the house, the car, or a desk at work. Valuable information is found on the front of the card.
4. If the card is lost or stolen, report it immediately to the bank. Then close your account and ask your bank for a new account number and pin.
5. Hold and record receipts from debit transactions.
6. Memorize the PIN number.
7. Always know how much money is in the account before making a purchase.
8. Never give out your debit card number, unless the recipient is legitimate.

DEPOSIT SLIP

Deposit slips are used to summarize the total funds for a complete transaction to take place as money is being added to the checking or savings account. The following are important steps to follow when filling out a deposit slip:

1. Most checks come with deposit tickets located toward the back of the checkbook. Many financial institutions will provide deposit slips.
2. Account holder information (name, address, etc.) should be located on the top left corner.
3. The date line is used for the date on which the deposit was written.
4. Acknowledge receipt of cash received is a line provided for the account holder to sign to receive cash back from the deposit.
5. Items for deposit is a series of boxes to indicate the

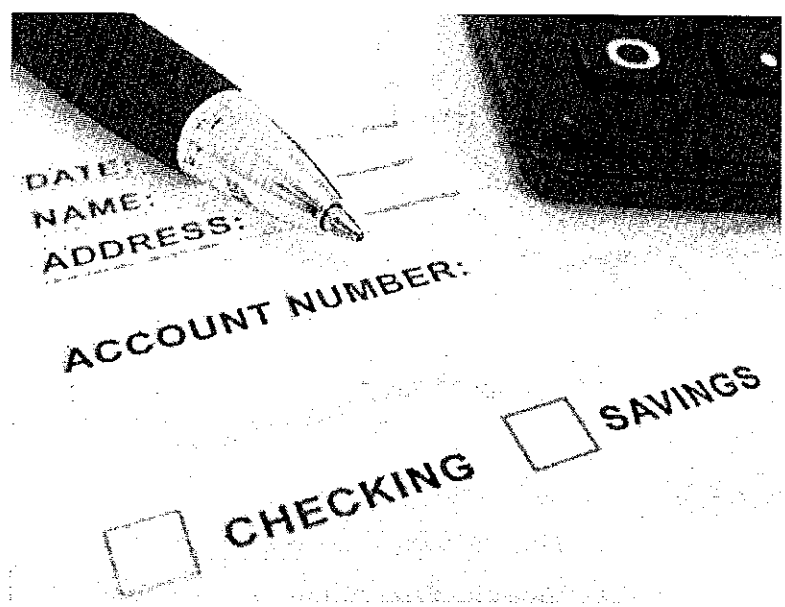


FIGURE 6. Many financial institutions will provide deposit slips free of charge.

items, dollars, and cents for deposit. There is a space for cash (sometimes a box must be checked) and blank lines to indicate checks (use check numbers). Always write the full amount. The amount on the deposit slip should match the check amount. Additional lines are located on the back of the deposit slip for the extra listing of items.

6. Subtotal is a line to indicate the subtotal for deposit (all cash and checks added together).
7. Less cash received is a line to indicate any cash that is to be received by the account holder at the time of the deposit.
8. Total deposit is the line to indicate the total deposit into the account (after any cash is to be received).
9. Name of financial institution is the area of the check that informs the payee which financial institution guarantees the funds represented by the check.
10. The bank routing information and bank account number are presented across the bottom of the deposit slip. The bank routing number is located on the far left bottom. This represents the bank or financial institution that holds the account. The center number is the bank account number.

Summary:

Budgeting allows a person to identify and track income and expenses. After establishing a well-organized budget, setting financial goals is easy. The financial-planning process is a series of steps that can be followed to meet specific goals and objectives.

A checking account is an account in which a user makes deposits and may write checks to be paid from the account. A person can apply, open, and balance a checking or savings account online or in person at the financial institution. An account holder should be aware of each component and of the proper use of checks. Checks should be written correctly to avoid costly mistakes.

Writing a check to pay bills or loans or transferring money to another person may seem easy. However, there are several steps the check writer must follow. Another option of an account holder is to have a debit card, but the functions of a debit card should be used properly.

Checking Your Knowledge:

1. What is budgeting?
2. How is budgeting important in the development of personal financial goals?
3. What are three of the common types of checking accounts?

4. What are five simple items commonly required when opening a checking or savings account?
5. What are common practices to protect your debit card?

Expanding Your Knowledge:

Have you ever seen the movie *Catch Me if You Can*? If so, you may know about check fraud. Research SAFEChecks, and investigate what check fraud specialists do to provide and prevent check fraud and losses.

Web Links:

About Checks
https://www.deluxe-check-order.com/About_Checks.jsp?SECURE=null#education

Personal Finance: Money 101—Making a Budget
http://cgi.money.cnn.com/tools/budget101/budget_101.jsp

Agricultural Career Profiles
http://www.mycaert.com/career-profiles

April 6-10th

Mr. Coon Ag Business Date Name

Knowledge:

1. Define the term "interest" and the factors that will affect the amount of interest paid on investments.

2. Describe simple interest, and write the formula for calculating simple interest.

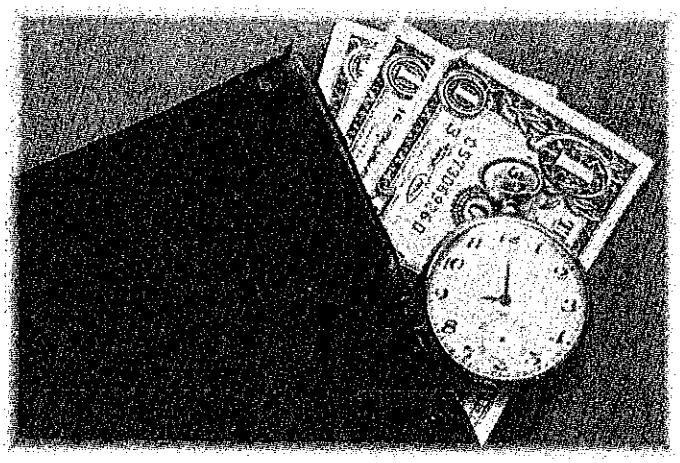
3. Describe compound interest, and write the formula for calculating compound interest.

4. Describe discounting, and give a situation where discounting could be useful.

5. Use compound interest to calculate the following: What will the value of farmland be 25 years from now if it is currently selling for $3,000 per acre and has been increasing at a rate of 4 percent per year?

The Time Value of Money

IF YOU WERE OFFERED a thousand dollars, would you rather have the money today or one year from now? Most people would prefer to take the money now, but why? Some would spend the money immediately, but others might want to invest it. Understanding the time value of money will allow you to make better financial decisions.



Objectives:

1. Identify the time value of money, and explain interest rates.
2. Describe the various ways to calculate the value of money using interest and discounting.

Key Terms:

compound interest	inflation	risk
compounding	interest rate	simple interest
discounting	principal	time value of money

Present and Future Worth

The **time value of money** states that a dollar (or other unit of currency) has a greater value at the present time than the same amount of money at a future time because of the interest that can be gained by investing the money now.

An **interest rate** is the amount of money that will be paid to an investor for allowing an

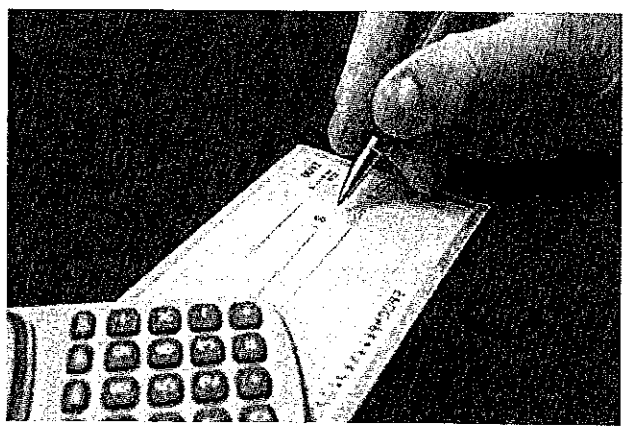


FIGURE 1. Having an interest-bearing checking account is one way to earn interest.

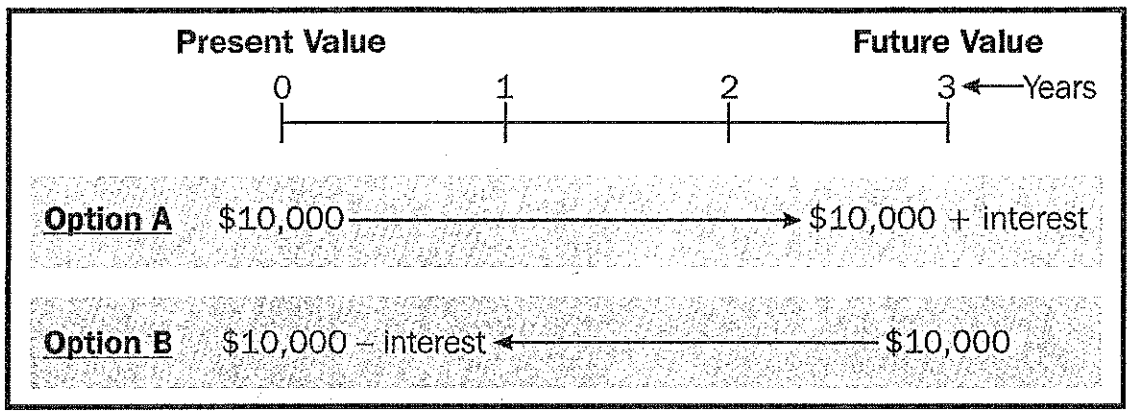


FIGURE 2. A dollar is worth more today than at some point in the future.

institution to use his or her money for a set period of time. Normally, the longer the institution uses the money, the higher the interest rate, which serves as the mechanism for comparing the time value of money. Banks normally offer an interest rate on savings accounts, certain checking accounts, and investments (e.g., certificates of deposit).

The interest rate can be thought of as the exchange price between the current and future value of the dollar. In other words, interest rates show the difference in what the dollar is worth now and what it will be worth (along with the interest it earns) in the future.

Interest rates represent risk and inflation. The greater the investment risk, the larger the interest rate paid on the investment. **Risk** is the amount of uncertainty in the investment and its future growth. Interest rates also reflect the amount of **inflation**—the rise of the price of goods and services in our economy. Banks that loan money to individuals charge interest on the loans, and more people are likely to borrow and spend money when interest rates are low.

Interest is paid to individuals in return for putting money in bank savings or other investments. The interest rates vary from institution to institution and can change in response to factors in the economy.

Simple and Compound Interest and Discounting

As defined previously, interest is the charge (or payment) for using an amount of money for a set period of time. There are many ways that banks and investment organizations calculate interest on investments, but two of the most common methods are simple and compound interest.

Simple interest is money earned on only the original principal over the life of the investment. **Principal** is the amount of money invested that is earning interest. To determine the amount of money earned through simple interest, use the following equation: $FV = PV + n(PV \times i)$. FV = future value, PV = present value, n = number of conversion periods, and i = interest rate.

For example, using simple interest, $1,000 invested today with an interest rate of 5 percent for 10 years would yield:

$FV = 1{,}000 + 10(1{,}000 \times 0.05)$
$FV = 1{,}000 + 10(50)$
$FV = 1{,}000 + 500$
$FV = \$1{,}500$

Compound interest is earned money that is added to the principal, which then earns more interest as a larger amount. As the amount of principal increases, the earning power and the interest payments also increase. **Compounding** is the process of calculating the value of money at some future time. To determine the amount of money earned through compound interest, use the following equation: $FV = PV(1 + i)^n$. FV = future value, PV = present value, n = number of conversion periods, and i = interest rate.

For example, if farmland has been selling for $2,000 per acre, what can you expect it to sell for in 25 years if it increases in value at an annual rate of 3 percent?

$FV = 2{,}000(1 + 0.03)^{25}$
$FV = 2{,}000(1.03)^{25}$
$FV = 2{,}000(2.094)$
$FV = \$4{,}188$ per acre

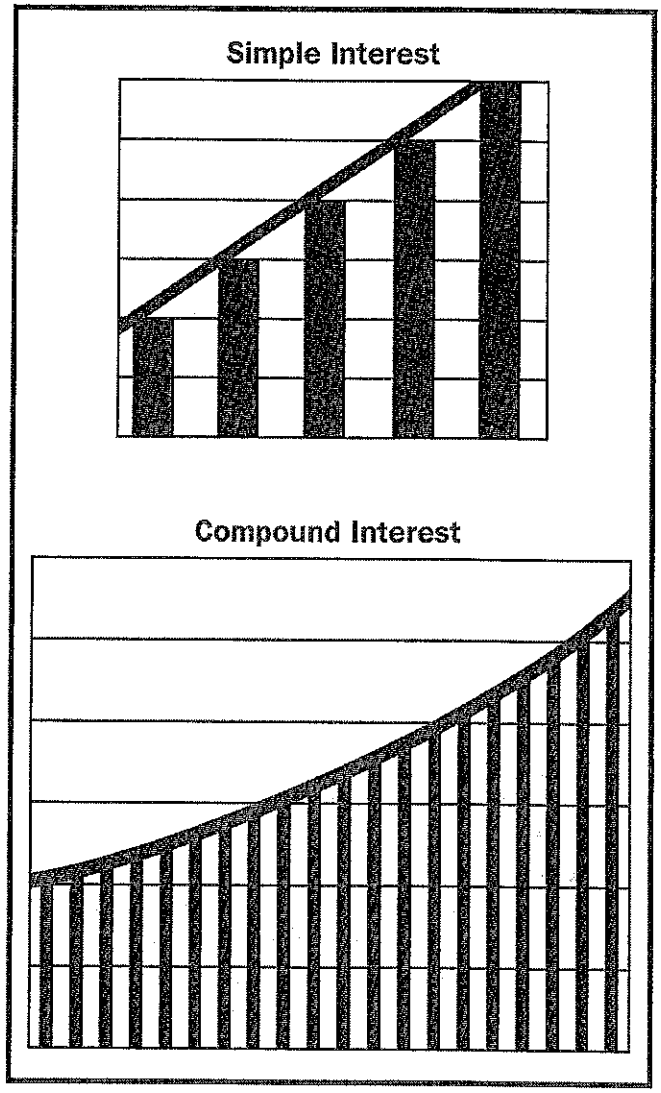


FIGURE 3. Simple interest gains value on the amount of the original principal over the life of the loan. Compound interest adds the earned interest back to the principal and calculates further interest off this increased amount.

Compounding can be used to determine salaries or the price of an item, assuming a given annual increase in value.

DISCOUNTING

While compounding calculates the future value of money you presently have, **discounting** calculates the present value of money that is received in the future. The discount is a result of the investor waiting to receive the future payment rather than receiving it now and investing it in an alternative way. To determine the present value of money earned in the future, use the following equation: $PV = FV/(1 + i)^n$.

For instance, if farmland has been selling for $2,000 per acre and has been increasing at the rate of 5 percent per year, what was its price six years ago?

Answer: $PV = 2{,}000/(1 + 0.05)^6$
$PV = 2{,}000/(1.05)^6$
$PV = 2{,}000/(1.34)$
$PV = \$1{,}492$ per acre

Another example using discounting is to calculate the amount of principal needed presently to reach a target amount at some point in the future. Assume you would like to have $50,000 in 15 years, using an investment that has an interest rate of 6 percent. How much would you need to invest today to reach your goal?

Answer: $PV = 50{,}000/(1 + 0.06)^{15}$
$PV = 50{,}000/(1.06)^{15}$
$PV = 50{,}000/(2.396)$
$PV = \$20{,}868$ (needed presently to invest)

Summary:

The time value of money states that a dollar (or other unit of currency) has a greater value at the present time than the same amount of money at a future time because of the interest that can be gained by investing the money now. An interest rate is the amount of money that will be paid to an investor for allowing an institution to use his or her money for a set period of time. Interest rates are the difference in what the dollar is worth now and what it will be worth (along with the interest it earns) in the future.

Simple interest is interest earned only on the original principal over the life of the investment. Compound interest is money earned and added to the principal, which then earns more interest as a larger amount. While compounding calculates the future value of money you presently have, discounting calculates the present value of money that is received in the future.

Checking Your Knowledge:

1. Define the term "interest" and the factors that will affect the amount of interest paid on investments.
2. Describe simple interest, and write the formula for calculating simple interest.
3. Describe compound interest, and write the formula for calculating compound interest.
4. Describe discounting, and give a situation where discounting could be useful.

5. Use compound interest to calculate the following: What will the value of farmland be 25 years from now if it is currently selling for $3,000 per acre and has been increasing at a rate of 4 percent per year?

Expanding Your Knowledge:

Use the Internet to research interest rates from lending institutions in your area. Then interview a loan officer from a local bank about the time value of money, interest, and investments.

Web Links:

Investing 101: an Investment Tutorial
http://www.investopedia.com/university/beginner/

Simple Interest Calculator
http://www.webmath.com/simpinterest.html

Compound Interest Calculator
http://www.webmath.com/compinterest.html

Agricultural Career Profiles
http://www.mycaert.com/career-profiles