

My Financial Power

The United States financial system plays a big role in the economy and in how far money can go. By gathering information and getting advice, you'll have tools to start building your knowledge about financial stability. Get familiar with different ways to earn money, what it means to invest, and how inflation works. And since having money is also about sharing, find out how giving can impact a community.

Steps

1. Find out about income power
2. Focus on making informed money decisions
3. Find out about inflation
4. Explore investing
5. See how giving back impacts a community

Purpose

When I've earned this badge, I'll have strategies for my financial stability.



Step 1: Find out about income power

Wealth is the value of everything someone owns. Some people have wealth that has been passed down. Some people have wealth because they're able to save. Some people have wealth from income they've earned. Income is what a person earns from work or other sources, such as financial gifts or interest on savings accounts. Whether a person works part- or full-time, income can be impacted by many things, such as benefits the company might offer. Skills, education, and training also make a difference in earning potential. Income can also be impacted by many external factors, such as unequal pay for women or lack of access to jobs, education, or housing because of bias. Find out more about income.

Choices—do one:

Play an earned/unearned income game. There are two ways to make money. People receive an income when they're hired to work. This is called earned income. Unearned income is when people receive income that is not payment for work. With a friend, place a U or E next to each item on the list below to indicate whether you think it is earned or unearned income. Don't share your answers until you're done. Answers are at the bottom of the page.

- | | |
|--|--|
| 1. Hourly wages | 6. A year-end work bonus for doing a great job |
| 2. Interest on a savings account | 7. Prize money from a raffle |
| 3. Stock dividends | 8. A birthday money gift |
| 4. A salary from a job | 9. A set weekly allowance |
| 5. Tips earned working in a restaurant | 10. Inheritance from a relative |

Learn how employees can stretch their money. Some companies offer employees a retirement savings plan and health-care benefits, and they may give workers perks, like a discount on a cell phone plan or gym membership. This saves employees from having to spend their income on those things. Talk to a business owner, financial planner, or a company's head of human resources to find out how they support their employees. Do they practice equal pay or offer perks for those working hourly at the minimum wage for their state? (See the box "Not-So-Equal Pay.") Then research "best companies to work for" and compare what they do for their employees.

See how career choices can make a difference. The choices you make about education and skill development can impact your future earning capability and job satisfaction. Generally, people with higher levels of education, training, and experience earn more. Compare the average salary and requirements for two different careers you have in mind. What's more important to you—choosing a career with a good salary, or being fulfilled in a career no matter what it pays? How does your career choice measure up when it comes to equal pay? (See the box "Not-So-Equal Pay" on the next page.)

Step 2: Focus on making informed money decisions

Influences such as trends, peer pressure, and procrastination can affect your financial decisions. It's important to start healthy habits early, like knowing when to spend and save, and how to be aware when you are straying from your wants, needs, and budget.

Choices—do one:

Get inspired by a financial expert. Search for a person with similar values to yours. This might be a social entrepreneur, a young business owner, or someone in your friends and family network. Find out what their philosophy is for spending and saving. What's their financial story, including setbacks and successes? You can also search online for finance experts that offer free podcasts or webinars. Follow their social media and subscribe to their blogs or newsletters.

► **For more fun:** Find motivational quotes about finance and credit that resonate. Cut a credit card-size piece from card stock and write the saying(s), using the back and front. Carry it in your wallet for inspiration.

Use a decision-making model. First, put a spending and savings plan together. Come up with what you'll spend on things you need or want now, what you'll save for, and how you'll share money to help others. Think about your financial goals. Get feedback on your plan from friends, family members, or a financial expert. Then choose alternatives and make changes. Start following your plan, evaluate your results, and make changes again.

Know the risks. Talk to a money manager about ways to protect a financial plan from unforeseen circumstances, such as job loss, a car breaking down, health issues, spending mistakes, or theft. What can you do to be prepared to cover a financial loss? How can you build an emergency fund? How often should you modify your budget? How can you use credit wisely?

Not-So-Equal Pay

In 1963, Congress passed the Equal Pay Act, which made it illegal for employers to pay women lower wages than men for equal work on jobs requiring the same skill, effort, and responsibility. So why is it that women are still paid 80 cents to the dollar that a man makes? Why Latina women are only paid 57 cents to the dollar that a White man makes? And why are Black women only paid 63 cents?

Equal Pay Day was launched in 1996 to raise awareness about the gender pay gap. The date symbolizes how far into the next year women must work to catch up with what men earned the previous year. The exact day differs year to year and differs based on your race. Asian women's Equal Pay Day is generally in February, followed by White women's in April, Black women's in August, Indigenous women's in September, and Latina women's in October. Without action, women and men of all races will not be paid equally until at least 2059.



Words to Know

Assets: Cash or anything a person owns that has value and can be converted into cash.

Bonds: Loans to corporations or the government for a certain period, called a term. At the end of the term, the bond matures and can be repaid by the company.

CD (certificate of deposit): An account in which you deposit funds in a financial institution for a certain length of time with the promise of earning interest. For most CDs, you can't make withdrawals during the term.

Compound interest: When you deposit money into a savings account, your money earns its own money, called interest. The longer you save, the more money you can earn.

Consumer Price Index (CPI): Shows the change in the current prices of a market basket of goods in a period compared to a base period. The CPI is usually computed monthly or quarterly.

Credit: Money a creditor is willing to loan a person to purchase goods and services with the agreement that the money will be repaid with interest.

Credit card: A card issued by a bank, other financial institution, or business that allows consumers to purchase goods and services on credit. Credit cards are specific kinds of loans.

Custodial account: An account set up and maintained by an adult but intended for a person under legal age. When the person is old enough, the account reverts to their name.

Dividends: Money paid regularly by a company to its shareholders out of its profits or reserves.

Earnings: Money you make in return for work or service; unearned earnings can be gift money.

Earned income: Money made from working for someone who pays you or from running a business. This includes all the income, wages, and tips you get from working.

Equal pay: When people of every gender in the same employment receive the same pay for performing the same work.

Goal: What you plan to do with the money you earn.

Income: Money you receive from different sources. Earned income is money from a job, tips, or your business. Unearned income comes from cash gifts, interest on a savings account, or stocks, bonds, and other investments.

Inflation: The steady rise of prices over time.

Interest: Additional money that can be earned on a savings account or additional money that must be paid on a credit card.

Investment: Putting money in things like stocks, bonds, and real estate—anything that can help money grow.

IRA: Individual Retirement Arrangements. These are contributions that may be tax deductible, based on the amount of your contribution and your income.

Money market account: An account that usually pays a higher rate of interest and might require a higher minimum balance to earn interest than a regular savings account.

Philanthropy: An act, donation, or gift that will help others.

Savings: Money that is not spent and has been set aside to use later.

Stocks: A way to invest in a company by buying shares. If the company does well, the investor receives dividends.

TIPS: Treasury Inflation-Protected Securities. They provide protection against inflation, and the interest rate is tied to the Consumer Price Index.

Unearned income: Income people receive that is not connected to their work, such as financial gifts and dividends from stocks.

U.S. savings bond: A long-term investment option backed by the full faith and credit of the U.S. Government.

Value: The worth or importance of something.

Wealth: The value of everything a person owns (assets).

Step 3: Find out about inflation

You've probably heard about "inflation"—it refers to the steady rise of prices over time. It doesn't always happen, but it's common. What does it mean for you and your financial plan? Find out!

Choices—do one:

Imagine an inflation scenario. Go online to find an inflation chart for the past five years. Search the Federal Reserve's free economic data website. Find out how inflation reduces consumer purchasing power over time. Do income levels rise to match rising prices of goods? Then look at ten common grocery store items over the past ten years and chart what they cost then and now. How do you think grocery store prices will be impacted by a shift toward customers buying more local and sustainable products? How would you revise your food budget to accommodate higher grocery store prices?

Investigate inflation protection. Talk to a financial planner to find ways to protect your money against rising inflation. For example, you might put money into an investment account, savings account, money market account, or CD (certificate of deposit). Find out about federal bonds, like TIPS (Treasury Inflation-Protected Securities), which have an interest rate that increases with inflation and decreases with deflation. (See the "TIPS" box on the next page.)

Make an inflation ball. Go online to find out what inflation means and how it happens. Make a list of words or phrases associated with inflation, such as purchasing power, goods and services, demand-pull (more consumer demand than supply), wage inflation (rising wages), and cost-push (increase in cost of goods, such as oil). Also search for "inflation protection" and include some of those ideas, too. On an inflatable ball, use a marker to write words or phrases you learned. You can write on the ball directly, or write on painters' tape and stick it to the ball. With a friend, bounce the ball back and forth and explain the word or phrase you first see when you catch the ball. If you don't remember, look it up.





TIPS

TIPS stands for Treasury Inflation-Protected Securities, a bond issued by the U.S. government that protects investors from the decline in purchasing power of their money. The principal value (what investor paid for the bond) is protected since investors will never receive less than what they invested.

Step 4: Explore investing

Investing is basically a means of using money to create more money. While it's a long-term strategy for building wealth, there's also a risk factor. Find out about tax-advantaged investments for young people and what compound interest means, and start imagining your investing future!

Choices—do one:

Build a dream stock investment plan. Buying stocks means owning a tiny slice of a company called a share. Investors buy stocks because they believe they'll rise in value over time. Think of at least three companies that interest you, like an automotive company that is making electric cars, or a technology company that is finding new ways to make clean water. Once you've identified these companies, research their annual reports and shareholder letters to get an idea of what's happening with them. Then find out what the stock price is for a share and how it's valued. Is it rated a good buy? Share your stock plan with a friend or family member to get feedback.

Interview an investment advisor. Play financial reporter and interview an investment advisor about investments for young people. Find out about 529 college plans or health savings accounts (HSAs), which can also supplement retirement investments. Learn what a custodial account and traditional Roth IRAs are. Compare investing in individual stocks and bonds with investing in mutual funds and exchange-traded funds. If you can, record your interview to share with friends and family.

Practice the power of compound interest. When you deposit money into a savings account, your money earns its own money called interest. With compound interest, the longer you leave your money in, the more you earn. Check out a compound interest calculator online and practice different scenarios to see how your money would grow.

Step 5: See how giving back impacts a community

Philanthropy fuels a person’s involvement in their community. Whether it’s giving time or money, it can bring people together to support a cause that impacts their community or humanity as a whole. Find out how giving back makes a difference.

Choices—do one:

Identify your community’s needs. Explore your community to find out what fundraising events are happening and who they benefit, such as 10K races or

coin collections at grocery stores. Read up on local news and talk to community organizers to come up with five things your community needs, from road repair and better street lighting to building more affordable housing.

Explore a charitable organization. Spend time with a staff member at a local organization and find out who benefits the most from what they do and how donations and fundraising help. Find out what their needs are and who they turn to for help.

Take a look at philanthropists and their strategies. Research at least three people in your community or state who have made a difference. What did they donate and how did their donations have impact? Find out what is innovative about their philanthropy strategies and adapt anything you admire into your own giving plan.





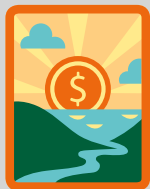
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Volunteer's Guide to the My Financial Power Badge*

Find tips and ideas to help guide your troop through this badge.

Step 1: Find out about income power • 30–40 minutes

Ask: Have you earned money from a job?

Share: Income is what a person earns from work or other sources, such as financial gifts or interest on savings accounts. Whether a person works part- or full-time, income can be impacted by many things, such as benefits the company might offer. Skills, education, and training also make a difference in earning potential.

Choices—do one:

- **Play an earned/unearned income game.** Ask Seniors to brainstorm more entries to add to the list in the activity description, such as inheritance, or money a person can get from turning in recycled bottles and cans. Have them form teams to determine whether the entries are earned or unearned income and then compare notes about what they determined. If they're unsure about any entries, suggest that they go online to research.

Materials: *computers, smartphones, or tablets (optional); paper; pens*

- **Learn how employees can stretch their money.** Seniors can choose to form teams to research one company from a “best companies to work for” list. Suggest that they note all the reasons why that company made the list. As a group, ask them to list their findings on a whiteboard or large piece of paper: the company's name, benefits, employee perks, its culture, and anything else that makes it appealing. Have Seniors discuss what they would want in a job.

Materials: *computers, smartphones, or tablets; paper; pens; whiteboard or large paper; markers*

- **See how career choices can make a difference.** Allow Seniors to form teams to choose one career to explore. Have them compare their findings with the group and write them on a whiteboard or large piece of paper. Ask them to discuss how their dreams and values play a

role in how they see their future job or career. Are they looking for fulfillment, security, or both?

Materials: *computers, smartphones, or tablets; paper; pens; whiteboard or large paper; markers*

Step 2: Focus on making informed money decisions • 30–40 minutes

Ask: How would you describe your spending habits?

Share: Trends, peer pressure, and procrastination can affect your financial decisions. It's important to start good habits early, like knowing when to spend, when to save, and how to recognize when you are being influenced by more than just your wants, needs, and budget.

Choices—do one:

- **Get inspired by a financial expert.** Have Seniors work alone to search for financial role models and collect quotes. Suggest that they write their quotes on card stock and create wallet-size cards. As a group, encourage them to discuss the financial expert they found and why they picked that person. Discuss how they think a financial mentor or advisor could play a role in their lives.

Materials: *paper; pens; computers, smartphones, or tablets; cardstock; scissors*

- **Use a decision-making model.** Ask Seniors to create and share their goals and financial plan with the troop to get feedback. Then find out if there's anything they'd change about their goals or plan. If so, encourage them to make revisions. Have them share with the group how they can take action on their plan. If they identified a goal, how will they spend and save to reach it?

Materials: *paper, pens*

- **Know the risks.** Use your network to invite a financial advisor to the meeting to talk about financial risks. Suggest Seniors read the activity description and come prepared with questions to ask their guest. Discuss what kind of risks they think are worth protecting against now.

Materials: *none*

*Detailed choice activities, meeting tools, and additional resources and materials can be found within the Volunteer Toolkit on my.girlscouts.org.

Step 3: Find out about inflation

• 20–30 minutes

Ask: What have you purchased that has changed prices?

Share: Inflation refers to the steady rise of prices over time. It doesn't always happen, but it's common. What does it mean for you and your financial plan? Find out!

Choices—do one:

- **Imagine an inflation scenario.** First, help Seniors brainstorm common grocery store items. Then break into groups to explore one of those items' costs over the past decade. Suggest they search on the U.S. Bureau of Labor Statistics website. Have them share their findings and discuss if there were changes caused by world events.

Materials: *computers, smartphones, or tablets; pens; paper*

- **Investigate inflation protection.** Use your network to invite a financial expert to share ways to protect against inflation. As a troop, review "TIPS" and the glossary for terms like CDs, bonds, and money market accounts. Suggest that Seniors come up with questions in advance using prompts in the activity description.

Materials: *"TIPS"*

- **Make an inflation ball.** As a group, search online for what inflation means and how it happens. Tell Seniors to list words or phrases that resonate with them. Seniors can choose what to write on their inflatable balls, then get together as a group to bounce them around a circle.

Materials: *computers, smartphones, or tablets; pens; paper; inflatable balls; markers; painters' tape (optional)*

Step 4: Explore investing • 20–30 minutes

Ask: What does investing mean to you?

Share: Investing is basically a means of using money to create more money for a financially secure future. While it's a long-term strategy for building wealth, there is also a risk factor. Find out about tax-advantage investments for young people and what compound interest means. Then start imagining your investing future!

Choices—do one:

- **Build a dream stock investment plan.** As a group, Seniors can brainstorm ideas for companies that interest them and are making a difference in the world. Write their ideas on a whiteboard or large piece of paper. Then they can choose to research companies alone or with a partner. Have them come back together to discuss their findings. After learning more about the company, would they still be interested in investing?

Materials: *computers, smartphones, or tablets; whiteboard or large paper; markers; pens; paper*

- **Interview an investment advisor.** Use your network to invite an investment advisor, in person or virtually. Encourage Seniors to act as financial reporters and ask questions listed in the activity description. Have them share what they learn with friends and family.

Materials: *pens, paper*

- **Practice the power of compound interest.** Find a simple compound interest calculator online to share with the group. ([Investor.gov](https://www.investor.gov) has one provided by the U.S. Securities and Exchange Commission.) Find an average annual interest rate for savings accounts to use for calculations. Seniors can choose to work alone or in pairs to calculate scenarios (for example, with or without contributions).

Materials: *computers, smartphones, or tablets*

Step 5: See how giving back impacts a community • 20–30 minutes

Ask: Have you ever been part of a service project where you've seen the results from your contribution?

Share: Philanthropy fuels a person or organization's involvement in their community. Whether it's giving time or money, it can bring people together to support a cause that impacts their community or our humanity as a whole.

Choices—do one:

- **Identify your community's needs.** Seniors can form small teams to research community needs. As a group, have them compile their findings. Discuss what they can do as a troop or with their Girl Scout Cookie™ earnings to help an issue.

Materials: *computers, smartphones, or tablets*

- **Explore a charitable organization.** Use your network to invite a staff member at a local organization to talk to Seniors about fundraising and donations.

Materials: *none*

- **Take a look at philanthropists and their strategies.** Seniors can work in pairs or alone to research philanthropists. Have them share the stories and strategies they find with the larger group. Discuss how these philanthropists can help shape the troop's goals.

Materials: *computers, smartphones, or tablets*

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