CORE CONCEPT CARDS
TEACHER RESOURCE GUIDE

Economic and Personal Finance Concepts for Secondary Students

FEDERAL RESERVE BANK *of* KANSAS CITY
Denver • Oklahoma City • Omaha

CORE CONCEPT CARDS
TEACHER RESOURCE GUIDE

TEACHER RESOURCE GUIDE INTRODUCTION

The goal of Core Concept Cards is to provide a strong foundation of economic and personal finance vocabulary for secondary students. Introducing these concepts through the suggested activities, games and website resources should help students comprehend these words more fully and apply them to their everyday life. This understanding may lead them to make better economic and financial decisions as they become adults.

The Federal Reserve Bank is committed to advancing economic education and hopes to equip educators with appropriate resources to teach these concepts to K-12 students. We believe that students exposed to the economic way of thinking will become wiser consumers and better informed citizens.

Additional Federal Reserve Bank resources for economic and financial education can be located at: *www.federalreserveeducation.org*.

WEB-BASED RESOURCES

In addition to the activities and games listed in this Teacher Resource Guide, the Federal Reserve Bank of Kansas City offers Core Concept Card resources through their educational website: *www.federalreserveeducation.org/resources/coreconcepts*

- Teachers can create an assessment to evaluate students' knowledge of Core Concepts.
- Students can take online quizzes to test their knowledge of Core Concept words.
- Teachers and students can develop their own crossword puzzles using the concept words they select.
- Teachers can download blank or custom-generated bingo cards to use with the suggested bingo game.

FEDERAL RESERVE BANK *of* KANSAS CITY

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GLOSSARY OF CORE CONCEPT CARDS FOR SECONDARY STUDENTS

Asset: Something of monetary value owned by an individual or organization.

Bond: A certificate of indebtedness issued by a government or publicly held corporation, promising to repay borrowed money at a fixed rate of interest and at a specified time.

Budget Deficit: Referring to national budgets, it occurs when government spending is greater than government income in a given year.

Business Cycle: A period during which production or economic activity expands, then contracts for several quarters or more, and then expands again; usually measured by real gross domestic product (GDP).

Central Banking System: A nation's central bank that is established to regulate the money supply and oversee the nation's banks. The Federal Reserve is the central bank of the United States.

Collateral: Something of value (often a house or car) pledged by a borrower as security for a loan. If the borrower fails to make payments on the loan, the collateral may be sold by the lender to pay the debt.

Command Economy: An economy in which most economic issues of production and distribution are resolved through central planning and control.

Comparative Advantage: The ability of a producer or a country to produce a good or service at a lower opportunity cost than some other producer or country.

Compound Interest: Interest that is earned not only on the original sum but also on the interest accumulated.

Consumer Price Index: A price index that measures the cost of a fixed basket of consumer goods and services and compares the cost of this basket in one time period with its cost in some base period.

Credit Report: A report about a person's credit history, including his or her ability and willingness to repay debts, based on how reliably he or she has repaid debts in the past.

Deflation: A sustained period of decrease in the average price level of all goods and services produced in the economy.

Discount Rate: The percentage rate used to calculate the present value of an investment. The "required discount rate" is the rate of return required by the investor.

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GLOSSARY OF CORE CONCEPT CARDS FOR SECONDARY STUDENTS

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Dividend: A share of the company's net profits paid to stockholders.

Economic Growth: The percentage increase in real output as measured by real GDP or per capita real GDP.

Economic Way of Thinking: A reasoning process that involves considering opportunity costs as well as benefits in making decisions.

Equilibrium Price: The price at which the quantity demanded by buyers equals the quantity supplied by sellers.

Factors of Production: Productive resources required to produce the goods and services that people want, such as natural resources, human resources, capital goods and entrepreneurship.

Federal Deposit Insurance Corporation (FDIC): A federal agency that regulates banks and guarantees depositors' savings up to $250,000 per account in most commercial banks, savings banks and savings associations.

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Fiscal Policy: Decisions about spending and taxation levels by the federal government made to promote full employment and output or reduce inflation.

Gross Domestic Product: The market value of all final goods and services produced in a country in a calendar year.

Human Capital: A person's health, education, experience, training, skills and values.

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Labor Force: The people in a nation who are 16 or over and are employed or actively looking for work.

Liability: Responsibility for a debt or payment.

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GLOSSARY OF CORE CONCEPT CARDS FOR SECONDARY STUDENTS

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Market Economy: An economy that relies on a system of interdependent market prices to allocate goods, services, and productive resources and to coordinate the diverse plans of consumers and producers.

Monetary Policy: Changes in the supply of money and the availability of credit initiated by a nation's central bank to promote price stability, full employment and reasonable rates of economic growth.

Money Supply: Currency in the hands of the public plus the public's demand deposits at financial institutions.

National Debt: The total amount owed by the national government to those from whom it has borrowed to finance the accumulated difference between annual budget deficits and annual budget surpluses.

Net Worth: The current value of a person's assets minus liabilities.

Open Market Operations: The buying and selling of government bonds by the Federal Reserve which affects interest rates, bank reserves and the money supply.

Productivity: The amount of output (goods and services) produced per unit of input (productive resources) used.

Rate of Return: Earnings from an investment, stated as a percentage of the amount invested.

Recession: A decline in the rate of national economic activity, usually measured by a decline in real GDP for at least two consecutive quarters (six months).

Reserve Requirements: The fraction of a bank's deposits that it is required by law to keep on hand or with the Federal Reserve.

Revenue: The money a business receives from customers who buy its goods and services.

Stock: An ownership share or shares of ownership in a corporation.

Stock Market: A market in which the public trades stock that someone already owns.

Tariff: A tax on an imported good or service.

Time Value of Money: The idea that a dollar received in the future has less value than a dollar received today because a dollar received today can earn interest over time.

Traditional Economy: An economy in which customs and habits from the past are used to resolve most economic issues of production and distribution.

CORE CONCEPT CARDS
TEACHER RESOURCE GUIDE

TEACHER RESOURCE GUIDE: ACTIVITIES SECTION

The Daily Word

Introduce a daily core concept card with its definition at the beginning of class. Tell students that any time they use the concept in a relevant way during class discussion, they will receive a point. Use a class list as a score sheet to tally points. At the end of class, the student with the most points earns a privilege or receives an incentive.

Dig into the Meaning

As new core concepts are presented, ask students to analyze the words and meanings for understanding on a deeper level. Tell them to follow these steps: restate the concept in your own words; give an example of a phrase or sentence using the concept; give a non-example with a phrase or sentence using the concept. Use this sample: An asset is something I own that is worth money. An asset I own is a guitar. An appetite would not be an asset.

Econ in the News

Save the business section of the daily newspaper until you have enough copies for teams or individual students. (You could also print online news articles.) Ask students to look through their copy of the business news to underline or highlight all the core concept words they can find. This is a good review of the concepts learned and can show students the use of the words in story context.

Econ Art Exchange

Give each student one core concept to illustrate by drawing an example of the word in use. (For example, the word "deflation" could be drawn with pictures of goods and services that have price tags lowered.) Ask students not to write the concept word on the paper. Exchange artwork with partners to see if they can guess the concept by the illustration alone.

Core Concept Creativity

Assign writing a creative story on the topic of "My Business Plan" or "My Investment Plan", using as many core concepts as possible within the text. Tell students that the concept words must be used properly to make sense within the story line. Share completed stories with class.

Rap a Concept

As a review of core concepts learned, divide students into teams of three or four and assign a concept to each team. They should create an 8-12 line rap that teaches the concept and its definition within the lines. Share raps with the whole group and other classes.

What's Your Net Worth?

After discussing assets, liabilities and net worth, ask students to list their personal assets and liabilities in two separate columns with approximate dollar amounts. (Download the calculator worksheet to complete this activity, or calculate online.) Tell them to total both columns, and then subtract their liabilities from their assets to find their net worth. Discuss results with the class. If liabilities are larger than assets, what could they do to increase their net worth?

TEACHER RESOURCE GUIDE: GAMES SECTION

Core Concept Bingo

Use the blank or custom-made bingo card found on our website to review the core concept words and meanings. (Students may do their own placement of 15 words and a free space on the blank card; the custom-made card will have words randomly placed for them.) To play bingo, read the meaning of a core concept and ask students to mark the corresponding word on their card. Once students have a row of words marked horizontally, vertically or diagonally, they should call out "Bingo!" and ask the teacher to check for accuracy.

Take a Stand

Hand out core concept words, one to each student. Tell students you will randomly choose and read the meaning for a word out loud, and that they should stand if they think they have the word to match the meaning. If the match is correct, the student earns a point for the class. If it is incorrect, the teacher scores a point. Offer a privilege or incentive if the students win the game. You could also reverse the game by handing out meanings and reading the core concept words orally.

20 Core Questions

Ask a student volunteer to choose a core concept word for the class to guess. Classmates may ask up to 20 "yes" or "no" questions about the mystery word to help identify it. When playing the game, it helps to start with general questions, such as "Is this a personal finance word?" and move to specific questions, such as "Does this word begin with S?" later on. You may want to review the words before starting the game so they are fresh in students' minds.

Core Word Wiz

Tell a student volunteer to stand in the front of the room with his back to the class. Choose a core concept word and show it to everyone but the volunteer. Attach the word to the volunteer's back before he faces the class. Ask students to take turns giving one-word clues (preferably synonyms) to the volunteer to help him guess the word on his back. The student has ten chances to guess the word and become a "Core Word Wiz."

Concept Bluff

Divide the class into two different teams. Hold up a core concept card for team one. All the students on that team knowing the meaning should raise their hands. Also, students can bluff that they know the meaning and raise their hands. Call on a student at random to give the meaning. If the student is correct, his team gets a point for every raised hand. If the student is incorrect, the team loses a point for every student's hand. Do the same for team two and keep a tally of points won and lost. The team with the most points at the end of the game wins.

Guess My Concept

Divide the class into two teams and send two members from one team up to the front of the class to play Guess My Concept. One member looks at a core concept card and attempts to get his team mate to guess the concept by giving one-word clues. His teammate has up to 6 chances to guess the correct word. The second team follows the same procedure with a new concept card. Whichever team gets their concept with the fewest guesses wins the point for the round. Play several rounds to decide the winning team.

Asset

Something of monetary value owned by an individual or organization.

CORE CONCEPT CARDS

Bond

A certificate of indebtedness issued by a government or publicly held corporation, promising to repay borrowed money at a fixed rate of interest and at a specified time.

CORE CONCEPT CARDS

Budget Deficit

CORE CONCEPT CARDS

Referring to national budgets, it occurs when government spending is greater than government income in a given year.

Business Cycle

CORE CONCEPT CARDS

A period during which production or economic activity expands, then contracts for several quarters or more, and then expands again; usually measured by real gross domestic product (GDP).

Central Banking System

CORE CONCEPT CARDS

A nation's central bank that is established to regulate the money supply and oversee the nation's banks. The Federal Reserve is the central bank of the United States

Collateral

CORE CONCEPT CARDS

Something of value (often a house or car) pledged by a borrower as security for a loan. If the borrower fails to make payments on the loan, the collateral may be sold by the lender to pay the debt.

Command Economy

An economy in which most economic issues of production and distribution are resolved through central planning and control.

CORE CONCEPT CARDS

Comparative Advantage

The ability of a producer or a country to produce a good or service at a lower opportunity cost than some other producer or country.

CORE CONCEPT CARDS

Compound Interest

Interest that is earned not only on the original sum but also on the interest accumulated.

CORE CONCEPT CARDS

Consumer Price Index

A price index that measures the cost of a fixed basket of consumer goods and services and compares the cost of this basket in one time period with its cost in some base period.

CORE CONCEPT CARDS

Credit Report

CORE CONCEPT CARDS

A report about a person's credit history, including his or her ability and willingness to repay debts, based on how reliably he or she has repaid debts in the past.

Deflation

CORE CONCEPT CARDS

A sustained period of decrease in the average price level of all goods and services produced in the economy.

Discount Rate

The percentage rate used to calculate the present value of an investment. The "required discount rate" is the rate of return required by the investor.

CORE CONCEPT CARDS

Dividend

A share of the company's net profits paid to stockholders.

CORE CONCEPT CARDS

Economic Growth

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The percentage increase in real output as measured by real GDP or per capita real GDP.

Economic Way of Thinking

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A reasoning process that involves considering opportunity costs as well as benefits in making decisions.

Equilibrium Price

The price at which the quantity demanded by buyers equals the quantity supplied by sellers.

FDIC

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Factors of Production

Productive resources required to produce the goods and services that people want, such as natural resources, human resources, capital goods and entrepreneurship.

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Decisions about spending and taxation levels by the federal government made to promote full employment and output or reduce inflation.

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The market value of all final goods and services produced in a country in a calendar year.

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Inflation

A rise in the general or average price level of the goods and services produced in an economy.

CORE CONCEPT CARDS

Insurance

An arrangement whereby a company provides a guarantee of compensation for specified forms of loss, damage, injury or death. People pay premiums to buy insurance policies.

CORE CONCEPT CARDS

Labor Force

The people in a nation who are 16 or over and are employed or actively looking for work.

Liability

Responsibility for a debt or payment.

Market Economy

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Economy that relies on a system of interdependent market prices to allocate goods, services, and productive resources and to coordinate the diverse plans of consumers and producers.

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CORE CONCEPT CARDS

Econ Bingo

DIRECTIONS: *Write 15 different econ words in 15 of the squares below. Write the word "FREE" in the extra square. You're ready to play Econ Bingo!*

Core Concept Cards

Econ Review Quiz

Name:____ **Date:**__________________

1. **Stocks can sometimes pay:**

   A. discount rates
   B. dividends
   C. reserve requirements
   D. liabilities

2. **Which one is NOT a type of economy?**

   A. command
   B. production
   C. market
   D. traditional

3. **The letters in FDIC stand for:**

   A. Federal Deputy of Industrial Companies
   B. Federal Deposit Insurance Corporation
   C. Federal Discount on Income Capital
   D. none of the above

4. **The Gross Domestic Product increases during a recession.**

   True
   False

5. **Insurance policies can NOT pay for:**

   A. deflation
   B. loss of life
   C. property damage
   D. injury

6. **A person's human capital includes:**

   A. their health and values
   B. their education and training
   C. their experience and skills
   D. all of the above

7. A definition of inflation is…

A. when meat prices increase
B. when the price of goods increase
C. when beef prices increase
D. when the price of goods and services increase

8. Compound interest is related to the concept of the time value of money.

True
False

9. The job of the Federal Reserve is to:

A. regulate the money supply
B. oversee the nation's banks
C. serve as the bank for the U.S. government
D. all of the above

10. Fiscal policy is related to:

A. insurance
B. income taxes
C. collateral
D. credit reports

Core Concept Cards

Econ Review Quiz

Name:____ **Date:**____________________

1. **The U.S. economy is referred to as a:**

   A. market economy
   B. traditional economy
   C. command economy
   D. none of the above

2. **Costs and benefits are an important component of:**

   A. the labor force
   B. assets
   C. the economic way of thinking
   D. factors of production

3. **Comparative advantage is related to:**

   A. dividends
   B. trade
   C. time value of money
   D. insurance

4. **Productivity is NOT related to:**

   A. business cycle
   B. revenue
   C. Gross Domestic Product
   D. reserve requirements

5. **Which one is NOT a goal of monetary policy?**

   A. reasonable rates of economic growth
   B. low taxation levels
   C. full employment
   D. price stability

6. **Banks have reserve requirements so that:**

   A. they can increase profits
   B. they have enough money on hand for customers
   C. they can increase productivity
   D. all of the above

7. **The equilibrium price refers to:**

   A. the consumer price index
   B. supply and demand
   C. the money supply
   D. time value of money

8. **A tariff on an imported good or service can:**

   A. cause a recession
   B. decrease trade
   C. lower the discount rate
   D. increase trade

9. **To be counted as part of the labor force, you must be 21 or older.**

   True
   False

10. **Open Market Operations can affect the money supply.**

   True
   False