

High School Speaking Manual



**Wisconsin Institute of
Certified Public Accountants**

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Goal

- To promote, educate and excite students about the CPA's changing role and unlimited career opportunities.

Qualities of a good speaker

- Young (preferably under 35, but not necessary)
- Good communicator
- Positive about the profession
- Outgoing
- Articulate
- Energetic
- Fun
- Knowledgeable
- Motivated

Benefits to the CPA

- A chance to sharpen public speaking/presentation skills
- An opportunity to break down stereotypes of accountants
- Free advertising for the firm or company
- A great way to network and get involved in the community

Getting started

Getting Started

Contact the school

- 1) Call the school, find out the name of the accounting teacher and ask to speak to him/her.
- 2) Let the teacher know that you are willing to speak to the students about the exciting opportunities in the accounting profession.
- 3) Set up a date and time to speak.
- 4) Find out the number of students in the class.
- 5) Talk to the teacher about student interests, topics the students are covering and personal expectations. Use the responses to help you with your presentation.
- 6) Share the activity with the teacher.
- 7) Discuss any logistics for the activity, such as the amount of time you will have/need, if you will need help breaking the students into groups, whether you need a VCR, etc.
- 8) Ask the teacher if he or she already has the yellow Takin' Care of Business curriculum kit from the WICPA. (the kit includes a curriculum book, video, brochures & poster.)
- 9) Confirm your contact information with the teacher, ask about directions and parking, and clear up any other questions you have.
- 10) Contact the WICPA.
 - Give at least 10 days' notice.
 - Let Mary Murray know the school name, presentation date and the number of students.
 - Request enough materials for each student. If the teacher does not have the Takin' Care of Business curriculum kit, request that as well.

WICPA high school speaking contact:

Mary Murray

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Phone: 262-785-0445, ext. 3005

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Materials

Materials will be provided to the speakers by the WICPA. Materials include:

- Brochures
- Book marks
- Pens
- Takin' Care of Business curriculum
(if the teacher does not already have it)

What to do and What not to do

What to do and what not to do

DO....

- Have fun and help the students have fun.
- Treat the students with respect.
- Stay positive.
 - Most professions have such things as busy seasons, long hours, continuing education, credentials, etc., and the students will encounter the negative aspects of the working world soon enough. Please be honest with your answers, but try to emphasize the positive aspects of your career choice.
- Take advantage of time before and after the event.
 - As students are filtering into the classroom, welcome them, ask them questions and leave yourself open to “chat time.” Offer to answer individual questions after the presentation. This is the time many students choose to get more information or ask specific questions. If you leave before the students, you may miss these opportunities. This is also a good time for you to get to know the educators and offer to be a resource for future events.
- Get the students involved.
 - Ask them questions, answer questions during your presentation and make your event a discussion rather than a lecture. If students don’t volunteer to speak, call on individuals to answer.

DON’T...

- Call the students “children.”
 - “Students” and “kids” are fine, but the word “children” often renders a negative reaction.
- Tell the students how nervous you are.
 - It is hard for them to imagine that an adult would be nervous speaking to students. It is tempting to try to make them empathize with your nervousness, but that usually backfires and only serves to make it more obvious that you are uncomfortable.
- Prejudge the students based on school or economic factors.
 - Even though students are essentially the same, every school and every class is different. A bad experience with one student should not prevent you from going to the same school again.
- Say, “I’m not your typical CPA.”
 - This comment puts down the profession and makes it seem unappealing.

Information on this page was taken with permission from the Indiana Society of CPAs.

Frequently asked questions

Frequently asked questions

How much money do you make?

Please see the yellow “Takin’ Care of Business” brochures that I have handed out. Salary information is listed in the brochures. Starting salaries here in (your city) range from \$ to \$. With a CPA designation, your salary could be limitless.

What skills does a CPA need?

Computer, communication and problem solving skills are good skills to have.

I’m not good at math, so I know I would not be a good accountant.

Many CPAs agree that you need to be good at solving problems and making “puzzle pieces” fit together. However, many say that you do not need to excel at math, since computers do most of the math for you.

What classes should I take in high school to prepare for an accounting major?

English, foreign languages, history, science and math are all great subjects to prepare you for college. Most professors agree that computer, speech, communications, accounting and all business classes are excellent, too.

Using computer software, such as Microsoft Excel, will help you, too. Many types of spreadsheets are created with this program, and you will use it when you get to college and in your professional career.

My accounting teacher grades my grammar and punctuation on my accounting homework. Is this really necessary?

Verbal and written communication is extremely important. In business, you will need to be able to write professional memos, letters and other documents. So if your teacher is grading your English and grammar on your accounting homework, don’t be alarmed! He or she is helping you prepare for the real world.

What is good major or minor to take along with accounting?

Due to the requirement of 150 credits in order to sit for the CPA Exam, we are finding students who complete their business administration degree in accounting and then complete the remaining 30 credits in whatever subjects they prefer. Many employers look for candidates who take courses that will be useful with accounting. These courses include an internship for credit, public speaking, human resources, finance, marketing, or other business courses that could be helpful in the workforce. Due the 150-credit requirement, many students use the remaining 30 credits to get a minor in a related business field. At some schools, students can obtain a masters degree with the 150 credits.

Sample presentation outlines

Sample 30 minute presentation outlines

The outlines below can be lengthened or shortened depending on how much time you have.

SAMPLE 1

- I. Introduction – (1 minute)
- II. Icebreaker (optional) – (4 minutes)
- III. CPA presentation – (8 minutes)
- IV. Activity overview – (2 minutes)
- V. Activity – (10 minutes)
- VI. Wrap up and Q & A – (5 minutes)

SAMPLE 2

- I. Introduction – (1 minute)
- II. Activity overview – (2 minutes)
- III. Activity – (10 minutes)
- IV. CPA presentation – (8 minutes)
- V. Wrap up and Q & A – (9 minutes)

Presentation script for SAMPLE 1:

- I. Introduction
 - a. My name is _____ and I work as a _____ for _____.
 - b. I'm a certified public accountant, or CPA, and a member of the Wisconsin Institute of CPAs.
 - c. I'm here to talk about the accounting career and give you a little background through an activity.
 - d. I will also tell you about my career and explain why I chose to become a CPA, but first let's get started with an icebreaker.
- II. Icebreaker (optional, used to “wake” kids up and open them up to discussion)
- III. CPA presentation
 - a. Can anyone tell me what a CPA is?
 - b. Let me tell you a little bit about becoming a CPA.
 - c. CPAs are problem solvers. They are outgoing and creative.
 - d. I became a CPA because _____.
 - e. I went to school _____.
 - f. My first job was _____ (talk about previous work experience and current job.)
 - g. Not all CPAs are like me. (Give examples of CPAs working in public practice, industry, government and education. Point out experiences that students might find “exciting” [working for the FBI, testifying in court etc.] Show the versatility of the CPA designation.)
- IV. Activity overview
 - a. Explain activity and handouts if any.
- V. Activity
- VI. Wrap up and Q & A
 - a. Do you have any questions about becoming a CPA?

Presentation script for SAMPLE 2:

- I. Introduction
 - a. My name is _____ and I work as a _____ for _____.
 - b. I'm a certified public accountant, or CPA, and a member of the Wisconsin Institute of CPAs.
 - c. I'm here to talk about the accounting career and give you a little background through an activity.
 - d. I will also tell you about my career and explain why I chose to become a CPA, but first, let's start with a short activity.
- II. Activity overview
 - a. Explain activity and handouts if any.
- III. Activity
- IV. CPA presentation
 - a. Can anyone tell me what a CPA is?
 - b. Let me tell you a little bit about becoming a CPA.
 - c. CPAs are problem solvers. They are outgoing and creative.
 - d. I became a CPA because _____.
 - e. I went to school _____.
 - f. My first job was _____ (talk about previous work experience and current job.)
 - g. Not all CPAs are like me. (Give examples of CPAs working in public practice, industry, government and education. Point out experiences that students might find "exciting" [working for the FBI, testifying in court etc.] Show the versatility of the CPA designation.)
- V. Wrap up and Q & A
 - a. Do you have any questions about becoming a CPA?

Some information from the outlines was taken with permission from the Indiana Society of CPAs.

Ice Breakers

Ice Breakers

Ice breakers are techniques used at the beginning of a presentation to reduce tension and immediately involve the class in the presentation. Use an icebreaker because you want to, not as a time filler. Even though the assumption is that the students know each other, you will find that they really can learn more about each other. Some tips about ice breakers:

- They are good techniques to help people feel more comfortable in a group.
- They break up “cliques.”
- They can set the tone, encourage people to feel safe and evoke laughter and participation.

Examples of ice breakers:

Introduce myself

Participants introduce themselves and tell why they chose the particular class. Variations: participants tell how they became interested in the subject, favorite TV programs, or the best books they’ve read in the last year.

Introduce another

Divide class into pairs. Each person talks about him/herself to the other, sometimes with specific instructions to share a certain piece of information. For example, “The one thing I’m particularly proud of is....” After five minutes, the participants introduce the other person to the rest of the class.

I’ve done something you haven’t done

Have each person introduce himself/herself and then state something that he/she has done that he/she thinks no one else in the class has done. If someone else has done it, the student must state something else.

Famous person

People write a famous name on a piece of paper and pin it on someone else’s back. The person tries to guess what name is printed on his/her back by asking questions of others.

My name

People introduce themselves and tell what they know about why they have their name (my mother wanted to name me after my great aunt Helen who once climbed Pike’s Peak in high heels, etc.). It could be the first, middle or nickname.

Truth or pretend?

Have each person tell one thing about themselves that is true and one that is false, without revealing which is which. Then have everyone guess which is true.

Accounting activities

1. Fact or Fiction
2. CD-recording company
3. Income statement case study
4. Cost behavior activity

1. Fact or Fiction

Instructions:

Play a game of fact or fiction with the students. Read the statements below to the class. Have them decide if the statement is fact or fiction. Encourage people to call out their answers. Refer to the answer key for an explanation.

- To be an accountant, you have to be great at math
- An accounting degree can lead you to a career in sports, music or entertainment
- With an accounting job, you work behind a desk all day
- CPAs can be influential decision-makers
- Ethics are no longer important to CPAs
- CPAs are crime fighters
- CPAs are mostly men
- Written and verbal communication skills are not important
- The WICPA has over 8,000 members
- CPAs either work for the IRS or prepare tax returns

Answer key for fact or fiction:

- **You have to be great at math: Fiction** – Although you have to be comfortable with numbers, computer software has made the use of high-level intensive math rare.
- **Can lead you to a career in sports, music or entertainment: Fact** – CPAs have careers in several different industries including working for sports teams or for movie studios.
- **You work behind a desk all day: Fiction** – Although CPAs generally work in an office environment, their days can be spent touring facilities, meeting with clients, bankers or lawyers or even speaking to students.
- **CPAs can be influential decision-makers: Fact** – In addition to helping our company or clients make business decisions, CPAs can help make decisions on choosing the right computer equipment, how to invest money, and on buying and selling businesses.
- **Ethics are no longer important to CPAs: Fiction** – Ethics are as important as ever. CPAs need to complete an ethics exam before they can be licensed and the Code of Professional Conduct is enforced by a special committee which investigates complaints of misconduct and takes the appropriate corrective or punitive actions if found necessary.
- **CPAs are crime fighters: Fact** – Due to CPAs familiarity with the numbers of a company, they are perfectly positioned to detect potential fraud and notify the appropriate sources. CPAs are also hired by the FBI to investigate white collar crime.
- **CPAs are mostly men: Fiction** - The profession was once entirely male, but today women comprise more than 30% of the WICPA's membership and more than 50% of all new CPAs.
- **Written and verbal communication skills are not important: Fiction** – CPAs spend a great deal of time writing (reports, letters, memos) and speaking (to business owners, clients, board members, other professionals, students), a CPA must not only be comfortable doing both, but proficient at doing both.
- **The WICPA has over 8,000 members: Fact** – The WICPA currently has over 8,300 members.
- **CPAs either work for the IRS or prepare tax returns: Fiction** - About 48% of WICPA members work in business and industry; approximately 33% are in public accounting, 2% work in government, 4% in education and the remainder is in other categories.

2. CD-recording company

Instructions:

- 1) Share the activity and outline the format:
 - a. “Students will work in groups to develop recommendations for a business plan I will present a situation for discussion At (time), we will come back together as a class and discuss recommendations for the business plan....”
- 2) Hand out the activity, read the introduction and walk the class through the activity: discussion, recording of discussion, and return to large group to report. Let the students know that there are no wrong answers.
- 3) Ask the teacher to break the class into groups.
- 4) Encourage the students to discuss the scenario and raise their hands if they need help. Tell them to have some fun with it. A student from each group will need to write down recommendations and present them to the entire class.
- 5) Bring the class back together for discussion. Lead discussion by asking questions of the students.
- 6) Comment positively on the students’ recommendations and offer your recommendations as a CPA.
- 7) Ask for any more questions and close.

* Activity handouts on the next page.

CD-recording company

Handout for Student Participants

INTRODUCTION

Joanne is a Madison high school student who dreams of starting a CD-recording company. Three days a week, she drives her van to work at a recording studio, where she is a recording assistant. She has learned many skills at the studio, and is responsible and well-respected. She works part time during the school year and full time in the summer. The studio is so busy that she sometimes works overtime.

Joanne has been eyeing recording equipment in a catalog that her parents bring home from the family's music store. The basic equipment that Joanne would need to do a recording would add up to \$8,000, and that would not include the cost of CDs and other incidentals. In the past two years, Joanne's earnings from her job have gone into gas and maintenance for the van, concerts, new clothes, a summer membership at the local swimming pool, and savings.

Joanne has asked her mom and dad to loan her the money to buy the equipment. She would pay them back with proceeds from her business. Her parents have faith in her skills and abilities, but they need to see a plan of how she would get recording work and pay off their loan.

They also have reminded Joanne that she wants to major in accounting in college, and the store is not doing well enough for the family to pay all her college costs. They are also concerned about Joanne's time for her business. Besides working at the recording studio, Joanne is in the all-city honor band and the drum & bugle corps.

DISCUSSION

As a CPA and Joanne's godparent, you have offered to help her develop a business plan to present to her parents. Your job is to walk Joanne through the process of achieving her goal and objectives and come up with a plan that will work. You need to work with Joanne to answer some questions and make recommendations. Ask one person in your group to record important parts of your discussion and to write recommendations for presenting to the class at the end.

- 1) *What is Joanne's goal?*
- 2) *What are her objectives?*
- 3) *How can Joanne generate business for her company?*
- 4) *Who are her potential early customers?*
- 5) *In what ways could she contact potential customers?*
- 6) *What categories of costs will Joanne have?*
- 7) *How can she learn about pricing her jobs?*
- 8) *What are some of the challenges that Joanne faces? Discuss several aspects of the situation.*
- 9) *What are your group's recommendations for Joanne? (List and report back to the group.)*

Answer key for CD-recording company

DISCUSSION

As a CPA and Joanne's godparent, you have offered to help her develop a business plan to present to her parents. Your job is to walk Joanne through the process of achieving her goals and objectives and come up with a plan that will work. You need to work with Joanne to answer some questions and make recommendations. Ask one person in your group to record important parts of your discussion and to write recommendations for presenting to the class at the end.

1) *What is Joanne's goal?*

Answer: Start a recording company.

2) *What are her objectives?*

Answers: Borrow money from her parents to buy recording equipment.

Get enough business to make a profit.

Earn enough money to help pay for college.

3) *How can Joanne generate business for her company?*

4) *Who are her potential early customers?*

Answers: Music store customers who may have musical groups or contacts, high school band teachers who have worked with the honor band and drum & bugle corps, spillover customers from her current workplace. Create a partnership with her current workplace.

5) *In what ways could she contact potential customers?*

Answer: Develop a brochure and mail it to her contacts. Put the brochure in prominent places in the music store. Take the brochure to music events. Create a Web site.

6) *What categories of costs will Joanne have?*

Answers:

- Recording equipment loan
 - Supplies
 - Transportation
 - Taxes
 - Time:
 - Marketing and promotion
 - Getting to jobs
 - Recording setup
- * Recording
 - * Recording takedown
 - * CD production

7) *How can she learn about pricing her jobs?*

Answers:

Base the pricing on the recording studio's prices, but lower.

Ask her dad if studios he knows would be willing to share pricing.

8) *What are some of the challenges that Joanne faces? Discuss several aspects of the situation*

Answers:

- Demonstrating that she will get enough business for her parents to give her the loan.
- Estimating potential revenue, expenses, and profit.
- Prioritizing her time: she may have to give up something else. When should she give up her job? Should she continue with her band activities?
- How much is her time worth? What do other small recording companies charge per hour? How can she find out?
- Does she know someone who can help her create a Web site and brochure?
- Can she reduce or eliminate any expenses that she now has?

9) *What are your group's recommendations?*

3. Income statement case study

Instructions:

- Divide the students into groups or have them work individually.
- Read the case to the class.
- Distribute the handout and have the students discuss it.
- Pick at least two students to give their answers as to what they would do in this case.
- Whatever side the students pick – argue the other side. You can have fun with this by playing the “bad CEO”.
- Changes in policy that would help would include:
 - Change compensation policy as it relates to bonuses and stock options
 - Don’t make brash statements in the media about earnings
 - Make sure you have a better handle on the numbers before the day before you release earnings! Cutoff early or delay release.
- Lessons in this short case – (1) ethics are important; (2) judgment is important – there is not an accounting rule for everything; (3) not all that much math here! Communication, judgment and management are important.

Case (read aloud):

You are the chief financial officer (CFO) for a large, publicly held company, US Gadget Corporation. Tomorrow is the date to release your earnings for the quarter, and thousands of shareholders, the media and industry experts await the results.

The numbers are almost done but there is one issue regarding a transaction occurring late in the quarter. This involves whether to recognize income on a shipment of gadgets that occurred the last day of the quarter. Your staff has prepared a memo regarding the transaction and the correct accounting treatment for the transaction (see attached). You have the final say in the decision regarding these transactions.

The chief executive officer (CEO – your boss) wants to see you in his office in 5 minutes to discuss final quarterly earnings and the final preparations for the press conference tomorrow that accompanies the earnings release. Earlier in the quarter he made statements to the media that this quarter’s earnings would exceed last quarter’s earnings, which were \$3.00 per share. Bonuses for the executive team, including you, are tied to quarterly results. The last time US Gadget did not meet quarterly earnings expectations, the share price fell and it took months to recover. Part of your boss’s pay, as well as yours, is tied to stock options (so the greater the share price, the bigger the benefit to you).

Handout for student participants

This how the income statements compare, depending on whether you choose to recognize the revenue or not.

US Gadget Corporation Quarterly Income Statement		
	Recognize revenue	Do not recognize
Sales	1,400,000	1,200,000
Cost of sales	-500,000	-500,000
Gross profit	900,000	700,000
Expenses	-300,000	-300,000
Pre-tax income	600,000	400,000
Income taxes	180,000	120,000
Net income	420,000	280,000
Net income per share	\$4.20	\$2.80

Task:

Read the memo below regarding the transactions and discuss in your small group for a few minutes. Come up with a decision regarding the transaction and what and how you will tell the CEO regarding the quarterly income statement.

Are there any changes in company policy that could be made which would make this situation better?

Staff Memo

Re: End of the Quarter Transactions
To: CFO
From: Accounting Staff

A large shipment of gadgets to a major customer was to arrive at the customer's warehouse on the last day of the quarter. Because of a problem with a railroad crossing in the customer's home town, the shipment was stuck at the railroad crossing and never reached the customer's dock.

Sales are typically counted as revenue in our industry when gadgets reach the customer. This is because under the terms of the sales agreements, the customer takes possession of the gadgets only when they reach the customer's store or warehouse. The official accounting rules say nothing specifically about when sales can be counted as revenue.

Answer key for income statement case study

WITH THE GROUP GO THROUGH THE PROS AND CONS OF THE ISSUE IN ORDER TO TEACH THE MAIN LESSONS OF THE CASE STUDY.

Reasons to Recognize revenue:

- The accounting rules do not specify exactly when revenue is to be recognized
- Recognizing revenue will make the CEO, executive team, shareholders and the media very happy as the company will exceed its estimates (this is a bad reason!)

Reasons Not to Recognize Revenue:

- This is not the typical treatment in the industry and if discovered it could make the entire company look bad in that it “cooked the books” to make its quarterly numbers
- The CEO can tell the story about the railroad crossing problem being why the company did not make its quarterly numbers which will mitigate any bad impacts. But will this work?

Are there any changes in company policy that could be made which would make this situation better?

Some possible answers include:

- Change the compensation policy regarding tying executive pay to quarterly earnings.
- Look at reviewing and changing the stock option plan as it relates to quarterly results. Perhaps it is too short term focused.
- Have the CEO refrain from making statements to the media about earnings unless he/she has solid data with which to make the claims. Do you as CFO have the nerve to say this?

4. Cost Behavior Activity

Handout for student participants

Definitions:

- 1) Cost behavior: general term for describing whether a cost changes when the level of output changes
 - a. Fixed cost: Cost that does not change as the output changes; *in total* the cost remains constant
 - b. Variable cost: Cost that changes as the output changes; *per unit* the cost remains constant
 - c. Mixed cost: Cost that involves aspects of both the fixed and variable costs behaviors
- 2) Activity driver: The measure that causes the change in cost

Scenario:

As a member of the accounting club, you are responsible for baking cookies for the upcoming bake sale. The recipe calls for 2 cups of flour per batch and a cooking time of 12 minutes per cookie sheet. Also, since it is finals week, you have decided to hire your little brother to do the actual baking. You have agreed to pay him \$5 plus \$1 for every dozen cookies made.

Questions:

- 1) For each of the following costs involved in baking cookies, determine the cost behavior and the activity driver:

Activity	Cost Behavior	Activity Driver
Flour		
Electricity		
Stove		
Spatula		
Wages		

- 2) Why is it important to recognize which costs are fixed and when costs are variable?

Cost behavior answer key

Definitions:

- 1) **Cost behavior:** general term for describing whether a cost changes when the level of output changes.
 - a. Fixed cost: Cost that does not change as the output changes; *in total* the cost remains constant
 - b. Variable cost: Cost that changes as the output changes; *per unit* the cost remains constant
 - c. Mixed cost: Cost that involves aspects of both the fixed and variable costs behaviors
- 2) **Activity driver:** The measure that causes the change in cost.

Scenario:

As a member of the accounting club, you are responsible for baking cookies for the upcoming bake sale. The recipe calls for 2 cups of flour per batch and a cooking time of 12 minutes per cookie sheet. Also, since it is finals week, you have decided to hire your little brother to do the actual baking. You have agreed to pay him \$5 plus \$1 for every dozen cookies made.

Questions:

- 3) For each of the following costs involved in baking cookies, determine the cost behavior and the activity driver:

Activity	Cost Behavior	Activity Driver
Flour	Variable	Cups Used
Electricity	Variable	Kilowatts
Stove	Fixed	Stove
Spatula	Fixed	Spatula
Wages	Mixed	# of Cookies Made

- 4) Why is it important to recognize which costs are fixed and when costs are variable? Understanding the types of costs is necessary for effective planning and decision making. The variable costs will change based on the expected sales/output while the fixed costs will remain constant regardless of the level of sales/output. Therefore, when budgeting and determining pricing, the projected cost calculations need to consider the different cost behaviors to be accurate and useful.

Financial Literacy Activities

Budgeting your financial resources

Visit www.TheMint.org for more information on this activity.

Financial planning helps you use your money to get the most out of life. A financial plan, or budget, is a decision-making tool based on the basic principles of scarcity, choice, and opportunity cost. Without a financial plan, impulse buying may make it difficult to "make ends meet," no matter your income. Equipped with an understanding of financial planning, students are better able to adapt to ever-changing economic conditions. It is important to realize that every purchase involves cost. To be truly satisfied with a purchase depends on analyzing its costs and benefits.

Concepts

- Budget
- Earned Income
- Unearned Income
- Fixed Expenses
- Variable Expenses

Objectives

- Identify sources of income
- Identify expenses
- Distinguish between fixed and variable expenses
- Develop a personal budget

Time required

One or two class periods

Materials

Web pages or printed versions of these web pages

- [Sample Budget](#)
- [Starting Salaries](#) – Fun for Kids, in the Earning Section
- [Determining Your Budget](#) – Fun for Kids, in the Tracking Section

Procedure

Explain that a budget is a planning tool that can be used to help individuals and families manage their money. The idea of a budget is to use money to stretch purchasing power and raise the budgeter's standard of living. If you're working online, ask students to click on [Sample Budget](#). If you're working with hard copy, be sure you've printed a copy for each student. Discuss the amounts within the budget.

1. **Income.** Using the Sample Budget, ask students to think of other sources of income that people other than Sonny might have. (Gifts, dividends, tips, commissions).
2. **Expenses.** Tell students that it helps to keep a log of monthly expenses to determine their spending habits when starting to budget. They must keep in mind that there are two types of expenses.
 - Fixed expenses – expenses that remain the same each month. Examples of fixed expenses include rent, car payments, insurance, monthly savings plan, etc.
 - Variable expenses – expenses that change each month. Examples are clothing, food, entertainment, etc.

Ask students to offer examples of other things they might wish to buy that don't appear on the Sample Budget. Ask them to classify their examples as fixed or variable.

3. **Compare expenses to income.** When all is said and done, Sonny's cash balance should be zero; that is, income and expenses should be equal.
 - o What would Sonny have to do if his expenses exceeded his income?
 - o What could Sonny do if he had money left over after deducting all his expenses

Making your own budget

1. Explain to students that they will now work individually to develop their own budget following the format in the [Sample Budget](#). Distribute the remaining web pages if you are working with hard copy. To get an idea of where to start with the budget, use the [Starting Salaries](#) chart. Emphasize that these salaries represent average starting salaries. Briefly discuss how the level of education required for a position directly affects the salary of positions. Then, ask students to begin work on their budgets, using the [Determining Your Budget](#) pages, either online or on hard copies.

Students should follow this order in using the activity pages.

- a. Explore Starting Salaries and choose a salary of a job that interests them. Don't let everyone choose a high salary just to have more income.
 - b. The Interactive exercise will calculate their take-home pay.
 - c. Students must deduct expenses from their take-home pay. To do this, they must choose from the various size expenses in each grouping, Housing, Communications, etc. If students are working online, they simply click on the cost and it will be automatically added to their budget. If students are working with hard copy, they will have to do the math.
 - d. After students have entered their expenses, they should compare their "what they have left" unspent that is calculated on the Results page, or from their calculations.
2. If working online, let students try again. Ask all or a few students to present their budgets to the class. Presentations will demonstrate that all budgets are personal and individual.

Budgeting Your Financial Resources

Sonny Cruz, a full-time tour guide, has an annual salary of \$15,000. After he pays his taxes and health insurance, his annual salary is \$12,000. This is what Sonny's monthly budget looks like:

Income (after tax & health insurance)	\$1000
Savings interest earned	<u>\$ 4</u>
Total Income	\$1004
Fixed Expenses	
Housing/Utilities	\$350
Telephone	\$ 30
Transportation	\$200
Credit/Student Loan	\$100
Savings	<u>\$ 71</u>
Total Fixed Expenses	\$751
Variable Expenses	
Clothing/Personal Care	\$ 50
Food	\$110
Household Supplies	\$ 25
Medicine/Health Supplies	\$ 18
Entertainment	<u>\$ 50</u>
Total Variable Expenses	\$253
Total Expenses	\$1004
Comparison	
Total Cash Available	\$1004
Less Total Expenses	<u>\$1004</u>
Cash Balance	\$ 0

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Credit: Buy now, pay more later

Credit is money that is lent to you and that you pay back over time, usually with interest. Credit allows you to buy now and pay later.

Despite the widespread use of credit cards, many consumers do not fully understand the terms, interest rates, or added charges attached to their credit cards. To test your students' Credit Card IQ, you'll find a quiz at [What's Your Credit Card IQ?](#) (See Materials section.)

Students must understand that when they use a credit card, they are taking out a loan from the issuer of the card. If the amount owed on a credit card is paid in full each month, there is no cost for using the credit card. However, if the borrower is unable or unwilling to pay the credit card bill in full, the cardholder must pay interest (finance charge) on the unpaid balance. The finance charge increases the cost of goods and services purchased with a charge card.

Concepts

- Credit
- Decision-Making
- Opportunity Cost
- Interest

Content standard

Few choices are all-or-nothing propositions. They usually involve trade-offs, that is, getting a little more of one option in exchange for a little less of another.

Objectives

- Determine the costs and benefits of using credit cards
- Analyze the decision-making process when using credit cards
- Identify ways and criteria needed to establish and obtain credit

Lesson description

Through a group activity, students analyze the costs and benefits of using credit cards to purchase goods and services.

Time required

3 class periods

Materials

If you are using computers in class, you will click on A Real-Life Decision. Otherwise, print out enough hard copies of this link for the entire class. Do the same if you are using [What's Your Credit Card IQ?](#) as a test at the end or beginning of the lesson.

Procedure

1. Explain these terms:
 - a. **Opportunity cost.** The opportunity cost is the value of whatever you give up when you purchase an item with a credit card - a) your future income is now reduced by the price of the item just purchased; you cannot use that portion of your future income to buy something else; b) your future income is now reduced by the cost of the interest too; that is more future money that you cannot use to buy something else.

- b. **The collective cost of using credit.** This phrase refers to the ongoing accumulation of interest on unpaid purchases. If you continue to purchase goods or services with a credit card without paying the entire balance each month, a finance charge is computed and added to next month's balance. Interest that piles onto an existing balance increases the cost of the items purchased.
 - c. **The use of credit cards for purchasing consumable goods.** Generally, using credit cards to purchase consumable goods means that you could "use up" the purchase before you pay off the loan. This is true for living expenses such as groceries, gasoline, and restaurant meals. If you don't pay off your bill at the end of the month, you'll pay even more for something that's "gone already." However, if you pay off your bill at the end of each month, you won't be paying an additional cost for the consumed item.
 - d. **Durable goods.** You should investigate installment loans to finance large purchases, such as automobiles or appliances. The interest rates on these loans are generally lower than rates for credit cards.
2. Ask students, "Why don't people analyze all the cost(s) of using credit before they make a purchase?" List student responses on the board.
3. Divide students into small groups. If you are not working online, distribute hard copies of A Real-Life Decision. Discuss the situation. Then ask students to create their own examples and ask each other to fill in the boxes in the decision-making process.
4. Ask each group to present their situations and discuss them with the class.
5. Summarize the benefits and costs of using credit cards.

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Find more activities and financial literacy information on the following Web sites:

<http://www.practicalmoneyskills.com/english/index.php>

<http://www.wijumpstart.org/Clearinghouse.cfm>

<http://www.themint.org/>

<http://www.aicpa.org/financialliteracy/index.asp>

<http://www.finlitwi.org/default/index.html>

In addition, the WICPA has a CD available from the FDIC called Money Smart. It includes the following activities:

- Bank on it
- Borrowing Basics
- Check it Out
- Money Matters
- Pay Yourself First
- Keep it Safe
- To Your Credit
- Charge it right
- Loan to Own
- Your Own Home

To request a copy of this CD, contact Mary Murray at mary@wicpa.org.

After the presentation

After the presentation

Thank you for speaking to high school students about accounting!

Now that your presentation is finished....

1. Send the teacher a note or an e-mail thanking him/her for letting you speak to the students.
2. Remind him/her that you can be a resource for him/her for future questions or projects.
3. Send the High School Speaking Form to Mary Murray at the WICPA.
4. Send the Sweater Order Form to Mary Murray at the WICPA.

WICPA high school speaking contact:

Mary Murray

e-mail: mary@wicpa.org

Phone: 262-785-0445, ext. 3005

Fax: 262-785-0838

**WICPA Accounting Careers
High School Speaking Report**

**To be Completed by Speaker
Complete Immediately and Return**

**TO: Mary Murray
WICPA
235 N. Executive Dr., Ste. 200
Brookfield, WI 53005
E-mail: mary@wicpa.org
FAX: (262) 785-0838
Phone: (262) 785-0445, ext. 3005**

School: _____

Address: _____

Phone: _____
Primary Contact: _____ **Title:** _____
School Counselor: _____

Comments: _____

Speaker: _____
Speaker E-mail: _____

Presentation Date: _____
Number of Students: _____ **Grade Level:** _____
Class Type: _____

Type of Presentation: Career fair Accounting presentation
 Financial literacy Other

Does the School Have a Career Day? Yes No

Comments, Suggestions: _____

Do you plan to go back to this school in the future? Yes No



**Wisconsin Institute of
Certified Public Accountants**

235 North Executive Drive • Suite 200
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Sweater/Shirt Order Form

Thank you for speaking to students about accounting careers. We appreciate you helping us reach our goal of having 100 CPAs speak at 100 schools in Wisconsin. It is important to spread the word about the accounting career.

To recognize your efforts, we would like to send you a thank you shirt or sweater. Please make one choice from the selections below and fax it to the number below as soon as possible. Your shirt or sweater will arrive approximately four weeks later.

	S	M
Navy V-neck Sweater -embroidered with the words <i>Accounting Champion</i> and a golden apple, symbolizing excellence in education		

* Sweaters are unisex

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Address to send sweater (include company name if business address): _____

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Fax to: Mary Murray, WICPA Fax #: 262-785-0838

Phone: 262-785-0445, ext. 3005