

## Money

### Warm up:

- Do you think money can buy happiness?
- What is a profession that you think is underpaid?
- Have you ever lent someone money and not gotten it back?
- What's the biggest purchase you have ever made?
- Are a lot of people in your country in debt?
- What's the most expensive place you've ever been to?
- What is something you spend a lot of money on?
- Do you think you are good with money?



1. Read the quotes about money and discuss them. Which do you agree with the most? Which do you disagree with? What do you think the underlined words mean?

“The hardest thing in the world to understand is income tax” – Albert Einstein

“Do what you love and the money will follow” – Marsha Sinetar

“Wealth flows from energy and ideas” – William Feather

“What counts is what you're doing with your money, not where it came from” – Merton Miller

“Never spend your money before you have earned it.” – Thomas Jefferson

“Money equals freedom” – Kevin O’Leary


“My favourite things in life don’t cost any money. It’s clear that the most precious resource we all have is time” – Steve Jobs.

“I made my money the old-fashioned way. I was very nice to a wealthy relative right before he died.” –Malcolm Forbes

“Every time you borrow money, you're robbing your future self.” –Nathan W. Morris

“Debt can turn a free, happy person into a bitter, angry human being.” – Michael Mihalik

“You can always get a loan at a bank if you can prove that you don't need it.” – Evan Esar

 **2. You are going to read an article about the finances of 3 different generations: millennials (born 1981-1996), Generation X (1965-1980), and Baby Boomers (1946-1964). Before you read, discuss the questions with a partner and try to predict the answers.**

- Which generation do you think has the highest annual income?
- Which generation do you think spends the highest percentage of their income on clothes and personal care products?
- Which generation do you think has the most debt?
- Which generation do you think saves the most?
- Which generation do you think is least likely to borrow money for large purchases?

 **3. Read the text and choose the correct word from the options below for each gap.**

A new study has found that 3 different generations (Millennials, Generation X, and Baby Boomers) in America have surprisingly different saving and ..... (a) habits. The study found that Millennials were the least likely to ..... (b) money for large ..... (c) such as cars or homes. Despite that, Millennials still had the largest average ..... (d) of all 3 generations, probably due to them having the lowest average ..... (e) (Millennials \$58,600, Gen X \$89,000, Baby Boomers \$68,000). Unsurprisingly, millennials also had the lowest annual ..... (f) of all 3 groups (Millennials \$4,600, Gen X \$14,100, Baby Boomers \$5,750). The study also looked at spending habits and found that although Generation X spends the most on unnecessary ..... (g) such as alcohol and travel, Millennials spend a greater ..... (h) of their income on clothes and selfcare products than either of the other generations. However, Millennials allocate far less money to their ..... (j) than any other generation, which, coupled with their high rates of debt, makes for a worrying future for the Millennials.<sup>1</sup>

- |                       |                   |                  |                |
|-----------------------|-------------------|------------------|----------------|
| (a) 1. reading        | 2. spending       | 3. dealing       | 4. stealing    |
| (b) 1. credit         | 2. borrow         | 3. lend          | 4. debt        |
| (c) 1. buys           | 2. interests      | 3. inheritances  | 4. purchases   |
| (d) 1. debt           | 2. GDP            | 3. wallet        | 4. inflation   |
| (e) 1. price          | 2. income         | 3. fees          | 4. deposits    |
| (f) 1. savings        | 2. cash           | 3. interest rate | 4. accounts    |
| (g) 1. sales          | 2. mortgages      | 3. expenses      | 4. investments |
| (h) 1. record         | 2. invoice        | 3. percentage    | 4. gain        |
| (j) 1. gambling debts | 2. cryptocurrency | 3. pensions      | 4. resources   |

 **How many of your predictions from exercise 2 were correct?**

<sup>1</sup> <https://smartasset.com/checking-account/how-different-generations-spend-money-2020>



4. You are going to listen to a man talk about his financial history. He uses the words below. Match the words on the left to their definitions on the right.

- |              |  |
|--------------|--|
| a) broke     | 1. Extremely rich.   |
| b) generous  | 2. Very careful and sensible with money.                             |
| c) stingy    | 3. Money that is lent on the condition it will be paid back.         |
| d) wealthy   | 4. Has no money.   |
| e) loaded    | 5. Has a good amount of money.                                       |
| f) frugal    | 6. The total income a company or organisation makes before expenses. |
| g) revenue   | 7. The money a company makes after expenses and losses.              |
| h) loan      | 8. Gives money and other things to others easily and often.          |
| i) to budget | 9. Hates spending money on anything, hates giving money to others.   |
| j) profit    | 10. The act of planning your finances.                               |



5. Ask and answer the questions with a partner

- Do you know anyone who is really stingy?
- What is the difference between profit and revenue?
- What are some good tips for budgeting?
- Do you know anyone who is loaded?
- Do you have a home loan? Would you ever consider getting one?
- Who is the most generous person you know?



6. Listen to entrepreneur Darius Johnson talk about his financial history and answer the questions.

#### Part 1: University

- Why does Darius think university students are usually poor?
- How much money did Darius have each month after he paid rent?
- Why does Darius think he had bad money management skills in university?
- Who shared food with Darius when he had none?
- Why doesn't Darius eat instant noodles?
- What did Darius do to help him save money?




**Part 2: Small Business**

- a) What type of business did Darius start?
- b) Who did Darius borrow money from to start the business?
- c) How much was the interest on Darius' loan (per month)?
- d) Who convinced Darius to pay influencers to promote his products?
- e) How long did it take Darius to pay back his loan?

**Part 3: Big Business**

- a) What is the idea Darius credits most of his success to?
- b) What are the annual expenses of Over-Armour?
- c) What is the biggest lesson Darius has learned about business?
- d) Why doesn't Darius live like he's rich?
- e) Why doesn't Darius hire a gardener or a cleaner?

 **7. Student A has a profit and loss statement for Over-Armour in 2008-2009, Student B (on the next page) has the statement for 2019-2020. Ask your partner the questions below and answer their questions by looking at the statement.**

**Student A**

<u>Over-Armour Profit/Loss</u>	<u>2008</u>	<u>2009</u>
Net Sales	\$6,500	150,000
Marketing/Promotions	-\$500	-\$10,000
Personnel	0	-\$5000
Shipping costs	-\$300	-\$4000
Loan payments	-\$6,000 (debt remaining 94,000)	-\$94,000(debt remaining 0!)
Gross Profit/Loss	-\$300	\$37,000

1. How much profit did Over-Armour make in 2020?
2. How much did Over-Armour donate in 2019 and 2020 combined?
3. How much revenue did Over-Armour have in 2019?
4. How much did Over-Armour spend on research and development in 2019?
5. What was Over-Armour's total expenditure in 2020?

## Student B

<u>Over-Armour Profit/Loss</u>	<u>2019</u>	<u>2020</u>
Net Sales	\$57 million	\$65 million
Marketing/Promotions	-\$16 million	-\$18 million
Personnel	-\$6 million	-\$5 million
General Operating expenses	-\$4 million	-\$4 million
Research and Development	-\$3 million	-\$3 million
Donations / Charity	-\$2 million	-\$1 million
Gross Profit/Loss	\$29 million	\$34 million

1. How much revenue did Over-Armour make in 2008?
2. How much did Over-Armour owe to the bank at the end of 2008?
3. How much profit did Over-Armour make in 2008?
4. What did Over-Armour spend most of their revenue on in 2009?
5. How much did Over-Armour's shipping costs increase between 2008 and 2009?