



Guide to Organizing Reality Fairs



Guide to Organizing Reality Fairs

Presenter



Brittany Burroughs
Bburroughs@fdic.gov
Consumer Education Specialist



Guide to Organizing Reality Fairs

Resource for organizing a three-hour reality fair for youth

- Planning tools: Checklists, timelines, room setup
- Day of Materials: Participant profiles, worksheets
- Post Fair Materials: Evaluation surveys

Intended Use

- A standalone resource that may be used with or without financial education curricula





Abbreviated Reality Fair

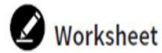
Reality Fair Toolkit Instructions



Bank Booth



Reality Fair



Worksheet

Account Choices Worksheet

Many people choose to keep money in accounts at financial institutions. Check the account type(s) you want to open. You can open one account, both, or neither.

- A savings account is used to set money aside for the future.** People usually use savings accounts for money they do not expect to need soon or use on a regular basis. There are sometimes limits on how often you can take money out of a savings account. There are typically no limits to how often you can deposit money into a savings account. Money in a savings account earns interest.
- A checking account is a transaction account.** People usually use checking accounts to keep their money available for paying bills and withdrawing money for regular use. There are generally no limits on the number monthly transactions. Money in a checking account may earn interest.

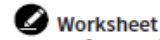
Direct Deposit

Direct deposit provides a safe and secure way to electronically deposit money into your account at a financial institution. Many employers offer direct deposit for paychecks.

To have your pay electronically deposited, check Direct Deposit in the My Income section of your Spending and Saving Plan.

Deposit Insurance

Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government. It protects the funds depositors place in FDIC-insured banks. FDIC deposit insurance protects you if the bank fails—meaning if the bank is closed down by the government. Since the FDIC was established in 1933, no depositor has lost a penny of FDIC-insured funds. The National Credit Union Administration (NCUA) offers share insurance, which is similar to deposit insurance, for credit unions.



Worksheet

Saving for Personal Goals

Think of something that you want to do that requires money. It could be a vacation, training you need to earn more money, back-to-school supplies for your children, or something else.

YOUR PERSONAL GOAL:

Now, calculate a monthly savings target.

$$\frac{\text{Cost of Goal}}{\text{Number of Months}} = \text{Monthly Savings Target}$$

Do you think this monthly savings target is affordable, given your income and expenses?

If not, you can make revisions now or later. Try saving over a longer period of time or choosing a different personal goal that has a lower total cost.

How much do you want to save toward your personal goal this month? \$ _____
Enter this amount to the *Saving for Goals* row in the *My Saving* section of your Spending and Saving Plan.

SAVING FOR EMERGENCIES

Having emergency savings helps you deal with health emergencies, car repairs, or other unexpected events. Even a modest amount of emergency savings can help you deal with what life throws your way.

Consider how much you already have in emergency savings.

(See the *Assets* section of your profile.)

How much do you want to save this month to increase the emergency fund? \$ _____
Enter this amount in the *Saving for Emergencies* row in the *My Saving* section of your Spending and Saving Plan.

SAVING FOR RETIREMENT

Contributing to a retirement account is another way to save money for your future.

Retirement accounts help provide financial security later in life.

Remember that you can start small. The important thing is to get started.

How much do you want to save this month toward retirement? \$ _____
Enter this amount in the *Saving for Retirement* row in the *My Saving* section of your Spending and Saving Plan.



Booth Information and Materials
MONEY SMART Guide to Organizing Reality Fairs
fdic.gov/moneysmart

F-4



Cell Phone Booth



Reality Fair



Worksheet

Cell Phone

Choose which level of cell phone service you want to have. Enter the cost in the *Cell Phone* row of your Spending and Saving Plan.

Basic Cell Phone

You can make calls and send text messages, but not much else. Monthly cost: \$20

Smart Phone with Mid-Range Data Plan

You can make calls, send text messages, access the internet, and use smart phone apps. However, the plan includes limited data usage. The plan limits data speed based on some complicated rules. Monthly cost: \$100

Smart Phone with Unlimited Data Plan

You can make calls, send text messages, access the internet, and use smart phone apps. You have unlimited data. The plan offers very fast data speed. Monthly cost: \$250



Children Booth



Reality Fair



Pick a number...

1 - 4

If you picked 1

Children Card 1

You have **no children** in your household. Enter 0 in the *Household Size* section at the top of your profile. Enter \$0 in the *Children* row of your Spending and Saving Plan.

If you picked 2

Children Card 4

You have **three children** in your household. Enter 3 in the *Household Size* section at the top of your profile.

Raising children comes at a cost. Food, clothing, and child care are just a few costs parents/guardians must cover. This month, you will pay \$500 per child or \$1,500 per three children. Enter \$1,500 in the *Children* row of your Spending and Saving Plan.

If you picked 3

Children Card 2

You have **one child** in your household. Enter 1 in the *Household Size* section at the top of your profile.

Raising children comes at a cost. Food, clothing, and child care are just a few costs parents/guardians must cover. This month, you will pay \$500 on your child. Enter \$500 in the *Children* row of your Spending and Saving Plan.

If you picked 4

Children Card 3

You have **two children** in your household. Enter 2 in the *Household Size* section at the top of your profile.

Raising children comes at a cost. Food, clothing, and child care are just a few costs parents/guardians must cover. This month, you will pay \$500 per child or \$1,000 per two children. Enter \$1,000 in the *Children* row of your Spending and Saving Plan.



Credit Card Booth



Reality Fair

Worksheet
Credit Card

You have \$2,500 in credit card debt.
 Your required minimum monthly payment is \$40.
 Your credit card has an annual percentage rate (APR) of 18%.
 The APR is the annual cost of borrowing money.

You must decide how much to pay toward this balance. If you pay off your balance in full each month, you avoid paying any interest. If you can't, paying as much as you can, as soon as you can, reduces the amount of time it will take to pay the balance and the amount of interest paid.

Consider this example:

SCENARIO	ORIGINAL BALANCE	CREDIT CARD APR	MONTHLY PAYMENTS	TOTAL YEARS TO PAY OFF	INTEREST PAID	TOTAL AMOUNT PAID
Pay the minimum payment	\$2,500	18%	\$40	15 years and seven months	\$4,948	\$7,448
Pay twice the minimum payment	\$2,500	18%	\$80	Three years and six months	\$898	\$3,398
Pay four times the minimum payment	\$2,500	18%	\$160	One year and six months	\$370	\$2,870

You can make a credit card payment of any amount that is more than the minimum payment of \$40. If you pay off the full \$2,500 you owe on the card, you will not incur any more interest.

How much do you want to pay this month? \$

Add the amount in the *Credit Card Payment* row of your Spending and Saving Plan.



Health Care Booth



Reality Fair



Health Insurance

About Health Insurance

Health Insurance is a contract, called a “**health insurance policy**,” that requires your health insurer to pay some or all of your health care costs in exchange for a premium.

Your **premium** is the amount you regularly pay to the insurance company. Often people pay a premium each month or, frequently as a payroll deduction through their employer, every pay period.

Your **coverage** is the health care services your health insurance policy will pay, or cover. You can still receive health care services that are not covered by your health insurance policy, but you must pay for those services yourself.

Even with health insurance, most people pay some costs of their health care. Many health insurance policies include an **annual deductible**. You agree to pay up to that amount each year before the insurance company will pay any claims that year. **Coinsurance** is the percentage of health care costs you pay after meeting your annual deductible.

Many health insurance policies also include a **copayment**. A copayment is an amount you have to pay each time you receive health care, like a doctor’s visit or prescription medicine.

Health Insurance Options

Choose a health insurance option. After you make a selection, you’ll learn what your health needs for this month are and how much they will cost you in addition to your health care premium.

Note: This booth uses small deductibles, but deductibles can be thousands of dollars.

**No Health Insurance:
No Premium/No Coverage**

Not having health insurance means you will pay the full cost of health care you receive. If you have a major accident or are diagnosed with a serious illness, you may incur very large medical costs and have limited access to care. Costs you cannot pay become medical debt that you must repay later, plus interest and other charges.

**Plan 1: Low Premium
(\$80 per month)/High
Deductible (\$300)/Higher
Copays/30% Coinsurance**

A lower premium means that you may save money if you don’t think that you will need a lot of health care. But if you have higher-than-expected health care costs this year, the higher deductible and lower coverage will mean that you will pay significantly more for your overall health care.

**Plan 2: High Premium
(\$120 per month)/Low
Deductible (\$100)/Lower
Copays/15% Coinsurance**

You will pay higher monthly premiums for this plan. But the annual deductible is lower and the plan provides more coverage. This plan will cover more of your overall health care costs, including emergency care.

1

No Health Care Expenses

You felt good throughout the month and had no routine health care services.

- No health insurance:** \$0 premium, \$0 paid for health care. Enter \$0 in the *Health Care* row of your Spending and Saving Plan.
- Plan 1:** \$80 premium, \$0 paid toward your deductible, \$0 copays, \$0 coinsurance. Enter \$80 in the *Health Care* row of your Spending and Saving Plan.
- Plan 2:** \$120 premium, \$0 paid toward your deductible, \$0 copays, \$0 coinsurance. Enter \$120 in the *Health Care* row of your Spending and Saving Plan.

2

Some Health Care Expenses and a Minor Injury

You had some basic health care needs this month that included medical services and prescription medicine. You also had a minor injury that required urgent care.

- No health insurance:** \$0 premium, \$360 paid for health care. Enter \$360 in the *Health Care* row of your Spending and Saving Plan.
- Plan 1:** \$80 premium, \$260 paid toward your deductible, \$70 copays, \$0 coinsurance. Enter \$410 in the *Health Care* row of your Spending and Saving Plan.
- Plan 2:** \$120 premium, \$100 paid toward your deductible, \$40 copays, \$20 coinsurance. Enter \$280 in the *Health Care* row of your Spending and Saving Plan.

If you cannot afford to pay your health care costs by the due date, you can pay the balance over time, plus interest and fees. Decide whether to pay your health care costs in full or take up to \$260 in medical debt.

- No,** I want to pay my health care costs in full this month.
- Yes,** I want to take on medical debt and pay it in the future, plus interest and fees.

\$

Medical debt amount:

Enter this amount to *Medical Debt* in the *Debts* section of your profile and reduce this month's health care costs by the same amount in the *Health Care* row of your Spending and Saving Plan.



Household Spending



Reality Fair



Worksheet

Household Spending

Select your spending strategy for each item.

Record the cost in your Spending and Saving Plan.

Note: The spending decisions you make using this worksheet do not include basic spending on your children. You will consider the costs of raising children at the Children booth.

FOOD AND EATING OUT

- Frugal** – You eat all meals at home and clip coupons to save at the grocery store. \$200
- Moderate** – You eat 90% of your meals at home, but occasionally eat out. \$400
- Splurge** – You buy lunch from the corner deli every day at work and dine out three evenings a week. \$750

CLOTHING

- Frugal** – You rarely buy new clothes and repair the clothes you own. \$35
- Moderate** – You buy new clothes fairly often, sometimes browsing the sale rack at upscale stores. \$100
- Splurge** – You set a new standard for fashion. \$300

ENTERTAINMENT (OTHER THAN EATING OUT)

- Frugal** – You spend little on your hobbies and social activities cost little. You often decline invitations to social gatherings due to cost. \$35
- Moderate** – You spend some money on your hobbies and social activities require. You occasionally decline activities that interest you because of costs. \$150
- Splurge** – You seek new and fun experiences, regardless of costs. You only live once! \$350

OTHER HOUSEHOLD SPENDING

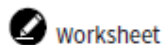
- Frugal** – You rarely replace things until they wear out. \$75
- Moderate spending** – You buy things you need and occasionally buy things you want but could live without. \$200
- Splurge** – You enjoy the best of everything and consider shopping a hobby. \$500



Housing – Part 1: Rent or Buy?



Reality Fair



Debt-to-Income Ratio

Calculate your debt-to-income ratio to see how much of your income goes toward paying debt each month. Your debt-to-income ratio measures how much pressure debt is putting on your budget, which helps you decide whether to borrow more.

For example, if you have a debt-to-income ratio of 36%, then 36 cents of every dollar earned is used to pay previously incurred debt, leaving you 64 cents to pay for everything else.

Calculate your debt-to-income ratio.

$$\frac{\text{Start with your total monthly debt payment, including credit card,* student, auto, and other loan payments}}{\text{Divide by your gross monthly income, which is all of your income before taxes and insurance}} \times 100 = \frac{\text{Multiply by 100 to calculate your current debt-to-income ratio percent}}{\%}$$

* Assume you are paying double the minimum payment on your credit card.

A high debt-to-income ratio means that a significant amount of your monthly earnings is used to pay your debts and could affect your ability to borrow money in the future because lenders may be concerned that you won't be able to manage additional debt.

A debt-to-income ratio for all debts of 15% to 20% or less (not including your mortgage, home loan or rent) is generally considered a manageable debt level.

Are you comfortable with how much of your income is going toward paying debt? If not, consider setting a goal for paying down debt. Paying down debt is repaying your lender earlier than required.

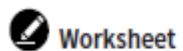
OPTIONAL: SET A GOAL TO PAY DOWN DEBT

Now, calculate a monthly savings target.

$$\frac{\text{Debt Reduction Goal}}{\text{Number of Months}} = \text{Monthly Debt Reduction Target}$$

Do you think this monthly debt reduction target is affordable? If not, you can make revisions. Try reducing debt over a longer period of time.

How much do you want to reduce debt this month? \$ _____
 Enter this amount in the *Saving for Goals* row in the *My Saving* section of your Spending and Saving Plan.



Worksheet

Rent or Buy

Many factors influence whether you choose to rent or buy a home. Reflect on these questions before deciding.

QUESTION TO CONSIDER	ANSWER OR BEST GUESS
<p>Do you plan to stay in the home for several years? Generally, the longer you plan to remain in the home, the more advantages you get from buying a home.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Is your debt-to-income ratio, 20% or lower? The more debt you have, the less money you have available to pay housing costs and the less money you may be able to borrow for a mortgage.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Do you enjoy home maintenance, yard work, and decorating? Taking care of a home takes time and money.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Do you have money available to cover maintenance and repairs? Some experts report that people spend 1% to 4% of a home's value each year on maintenance and repairs.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Do you want to rent or buy a home?



Housing – Part 2: A Place to Call Home



Reality Fair



FEDERAL DEPOSIT
INSURANCE CORPORATION 27

If you picked Homebuyer...

Worksheet Homebuyer

Part 1: Select a Home

Select a home based on your needs, wants, and what you can afford.

You will get a mortgage to help cover the cost of the home you select. Lenders use your credit history to determine whether they will lend you money to buy a home, and how much the loan will cost. For each housing option, use the credit information in your profile to determine whether you will qualify for a mortgage (or home loan) and, calculate your monthly payment.

BASIC HOME

Purchase Price: \$220,000

Mortgage Amount: \$176,000

Monthly Cost:

CREDIT	MONTHLY PAYMENT (including taxes and insurance)
Excellent	\$800
Good	\$900
Not-so-good	\$1,000

Monthly Utilities: \$100

Features:

- Small yard with patio
- Nearby park

MID-RANGE HOME

Purchase Price: \$300,000

Mortgage Amount: \$240,000

Monthly Cost:

CREDIT	MONTHLY PAYMENT (including taxes and insurance)
Excellent	\$900
Good	\$1,100
Not-so-good	Loan applicant not qualified

Monthly Utilities: \$125

Features:

- Yard
- Deck
- Extra room to use as an office, guest room, or rec room
- Spacious kitchen
- Nearby park and public tennis courts

LUXURY HOME

Purchase Price: \$500,000

Mortgage Amount: \$400,000

Monthly Cost:

CREDIT	MONTHLY PAYMENT (including taxes and insurance)
Excellent	\$2,000
Good	Loan applicant not qualified
Not-so-good	Loan applicant not qualified

Monthly Utilities: \$150

Features:

- Yard with patio, and fire pit
- Deck
- Two extra rooms to use as offices, guest rooms, or rec rooms
- Spacious kitchen
- Nearby park, public tennis courts, and public pool

If you picked Homebuyer cont...



WORKSHEET: HOMEBUYER CONTINUED

Update your Profile and Spending and Saving Plan

Once you have selected a home:

- Enter the purchase price of your home in the *Assets* section of your profile.
- Enter the remaining balance on your mortgage, or home loan, in the *Debts* section of your profile.
- Enter the amount of your monthly payment in the *Housing* row of your Saving and Spending Plan.
- Enter the amount of monthly utilities in the *Utilities* row of your Saving and Spending Plan.

Part 2: Update Your Debt-to-Income Ratio

At the Housing – Part 1 booth, you calculated your debt-to-income ratio. It measured how much of your income was paying non-housing debt each month.

Now that you have a mortgage, or home loan, more of your income is needed to pay debt. Recalculate your debt-to-income ratio to see the impact of a mortgage.

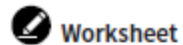
$$\frac{\text{Start with your total monthly debt payment, including credit card,* student, auto, and other loan payments}}{\text{Divide by your gross monthly income, which is all of your income before taxes and insurance}} \times 100 = \frac{\text{Multiply by 100 to calculate your current debt-to-income ratio percent}}{\%}$$

* Assume you are paying double the minimum payment on your credit card.

How much did debt-to-income ratio increase? \$_____

For homeowners, a 36% or less debt-to-income ratio is generally considered manageable.

If you picked Renter...



Worksheet

Renter

Select a rental unit based on your needs, preferences, and what you can afford.

LIVING WITH FRIENDS WITHOUT A LEASE

Monthly cost: \$500
Utilities: \$70

Credit requirement: No credit check

Features:

- Stationary bicycle in the basement
- Access to the shared kitchen, living room with fireplace, and other common areas

Other considerations:

- Renting without a written rental agreement or lease means your rights and responsibilities are less clear and you may have fewer legal protections.
- You may not be able to purchase renter's insurance.
- Conflicts over rent and other disagreements could affect your friendships.

BASIC APARTMENT

Monthly cost: \$800
Utilities: Covered as part of your rent

Credit requirement: Credit scores must be 510 or higher

Features:

- Basic gym
- Patio with grill and fire pit

Other things to consider:

- The rental agreement or lease makes your rights and responsibilities clear and protects you as a renter.
- The rental unit is basic, without extras like a club house, workout facility, pool, covered parking, and other amenities.

LUXURY APARTMENT

Monthly cost: \$1,200
Utilities: Covered as part of your rent

Credit requirement: Credit scores must be 600 or higher

Features:

- Extensive gym with fitness classes
- Swimming pool
- Indoor fireplace, outdoor fire pit

Other things to consider:

- The rental agreement or lease makes your rights and responsibilities clear and protects you as a renter.
- The rental unit includes extras like a club house, workout facility, pool, and covered parking.



Pets Booth



Reality Fair



FEDERAL DEPOSIT
INSURANCE CORPORATION 31

Pets are important to many people, but they come at a cost. Costs include food, veterinary care, and supplies. Choose how many of each pet you want to have and calculate the total cost per month.

Type of Pet	Monthly Cost	Number	Total Monthly Cost
Dog	\$100		
Cat	\$100		
Rabbit	\$60		
Snake	\$60		
Total monthly cost* for all pets:			

*Enter the total monthly cost for all pets in the - row of your Spending and Saving Plan.



Sharing & Charitable Giving Booth



Reality Fair



Worksheets:

Sharing with Family and Friends

Sharing with Family and Friends Worksheet: 1

Your sibling worked fewer hours than usual at work last month and needs \$300 to pay bills. ***How much do you want to share?***

\$ _____

Enter the amount in the *Sharing with Family and Friends* row of your Spending and Saving Plan.

CHARITABLE CONTRIBUTIONS

A community that you care about has been affected by a natural disaster. ***How much do you want to contribute to the charity leading the relief effort?***

\$ _____

Do you want to make contribution to another charity or organization?

\$ _____

Enter the amounts in the *Charitable Contributions* row of your Spending and Saving Plan.



The Unexpected Booth



Reality Fair

Pick a number...

1 - 6

If you picked 1

Your employer gives you
an unexpected bonus.
Enter \$400 in *Other Net Income*.

If you picked 2

You participate in a
neighborhood yard sale.
Enter \$40 in *Other Net Income*.

If you picked 3

Food prices increase.
Add \$20 to the *Food* row in
My Spending.

If you picked 4

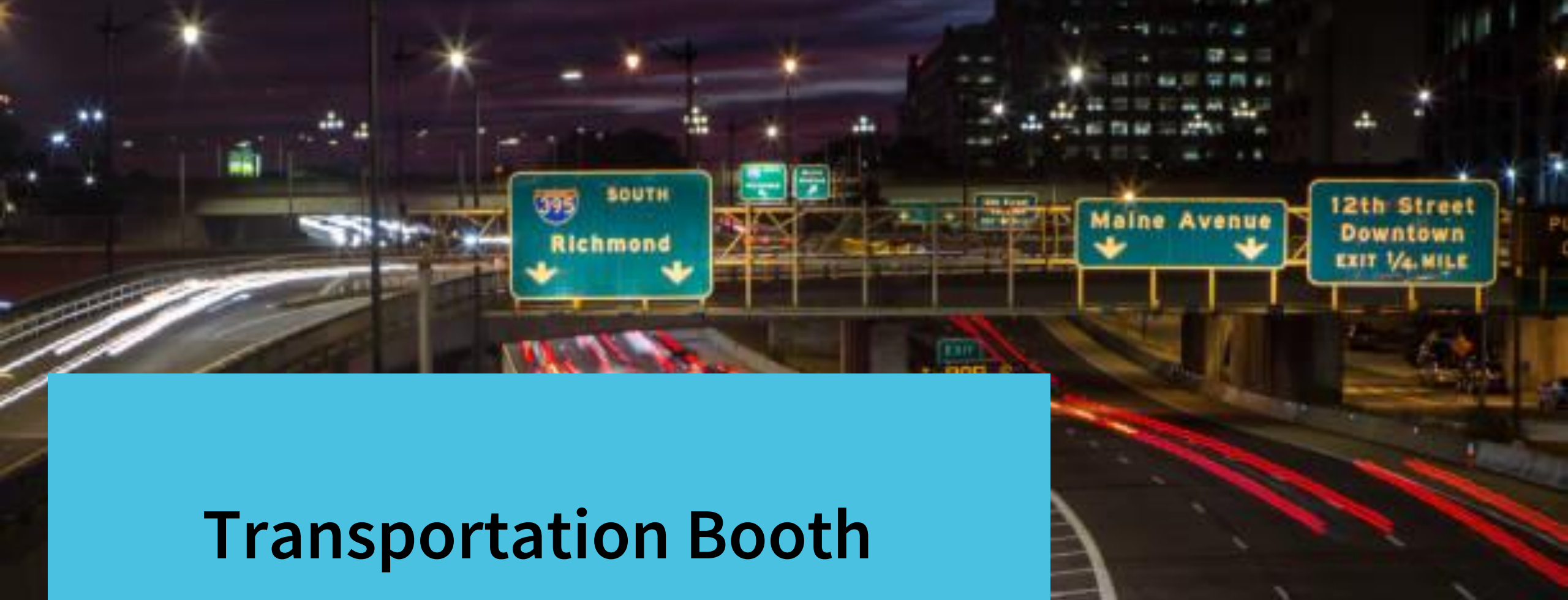
You find a better deal for your cell phone service. Reduce your cell phone expenses by \$12.

If you picked 5

A natural disaster damages belongings you have to replace immediately.
Add \$500 to the *Other* row in *My Spending*.

If you picked 6

Someone steals money from
your locker at the gym.
Add \$50 to the *Other* row
in *My Spending*.



Transportation Booth



Reality Fair



Worksheet

Transportation

Fill in the blanks for all transportation options. Then make your selection and enter the cost in the *Transportation* row of your Spending and Saving Plan.

Walk, Bike, and Use Public Transportation.

You live close to work and most of the other places your family needs to visit each month.

Cost this month: \$50

Other considerations:

Notes on advantages:

Notes on disadvantages:

Economy vehicle.

You have an economy hatchback sedan. You took out a car loan to purchase the car last year.

Cost this month:

Check the option that matches the credit category on your profile.

- With excellent credit, you got a car loan on good terms. Your total costs of ownership are \$250 per month. This includes insurance, maintenance, repairs, taxes and fees, payments on your car loan, and fuel.
- With good credit, you got a car loan on average terms. Your total costs of ownership are \$300 per month. This includes insurance, maintenance, repairs, taxes and fees, payments on your car loan, and fuel.
- With limiting credit, you got a car loan on worse than average terms. Your total costs of ownership are \$400 per month. This includes insurance, maintenance, repairs, taxes and fees, payments on your car loan, and fuel.

Other considerations:

Notes on advantages:

Notes on disadvantages:



WORKSHEET: TRANSPORTATION CONTINUED

Luxury vehicle.

You have the car of your dreams. You took out a car loan to purchase the car last year.

Cost this month:

Check the option that matches the credit category on your profile.

- With excellent credit, you got a car loan on good terms. Your total costs of ownership are \$500 per month. This includes insurance, maintenance, repairs, taxes and fees, payments on your car loan, and fuel.
- With good credit, you got a car loan on average terms. Your total costs of ownership are \$600 per month. This includes insurance, maintenance, repairs, taxes and fees, payments on your car loan, and fuel.
- With limiting credit, this option is not available.

Other considerations:

Notes on advantages:

Notes on disadvantages:



Guide to Organizing Reality Fairs

Wrap Up

Questions?