

**Incorporating**

**Personal Finance**



**into your virtual firm**



**VIRTUAL  
ENTERPRISES  
INTERNATIONAL**

**Alan Gersten**

**National Teachers Conference**

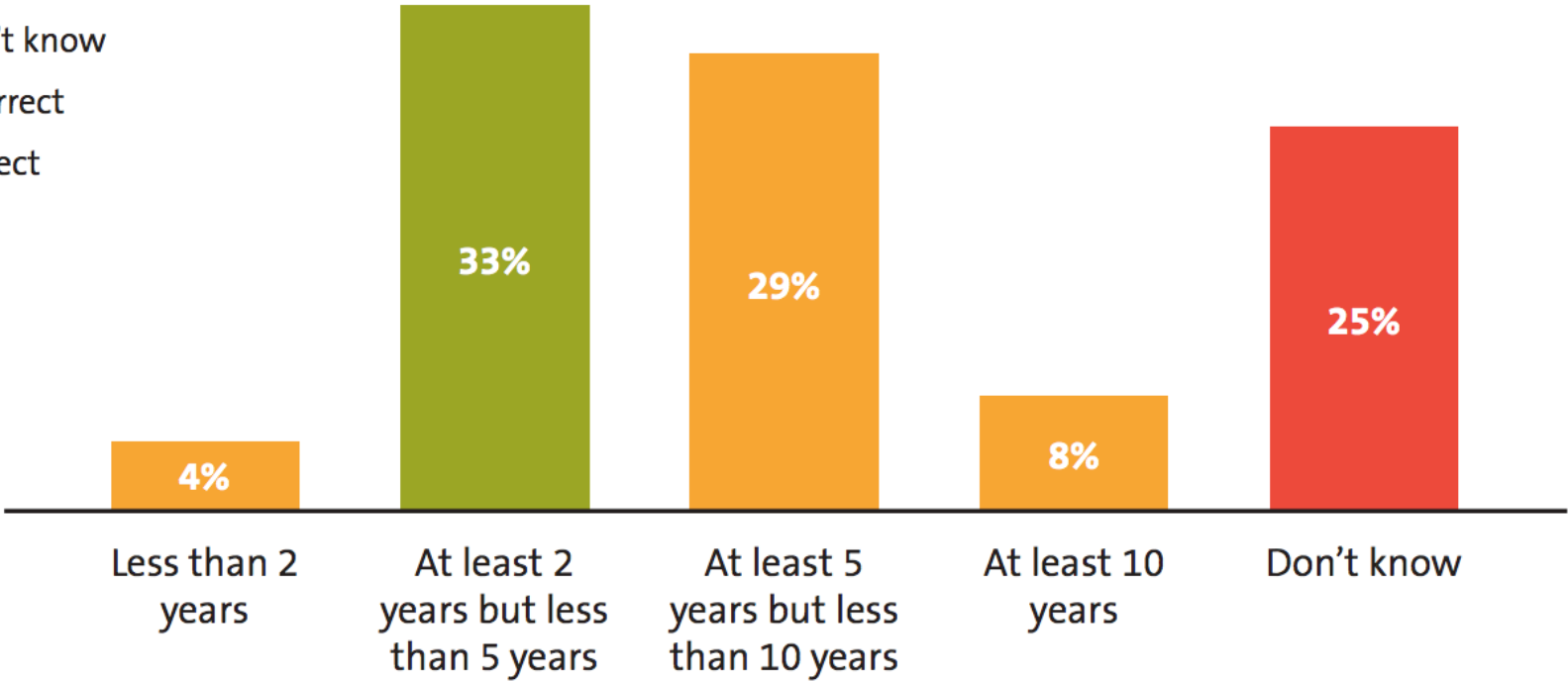
**2018**



# Personal Finance Report Card

Suppose you owe \$1,000 on a loan and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?

- Don't know
- Incorrect
- Correct

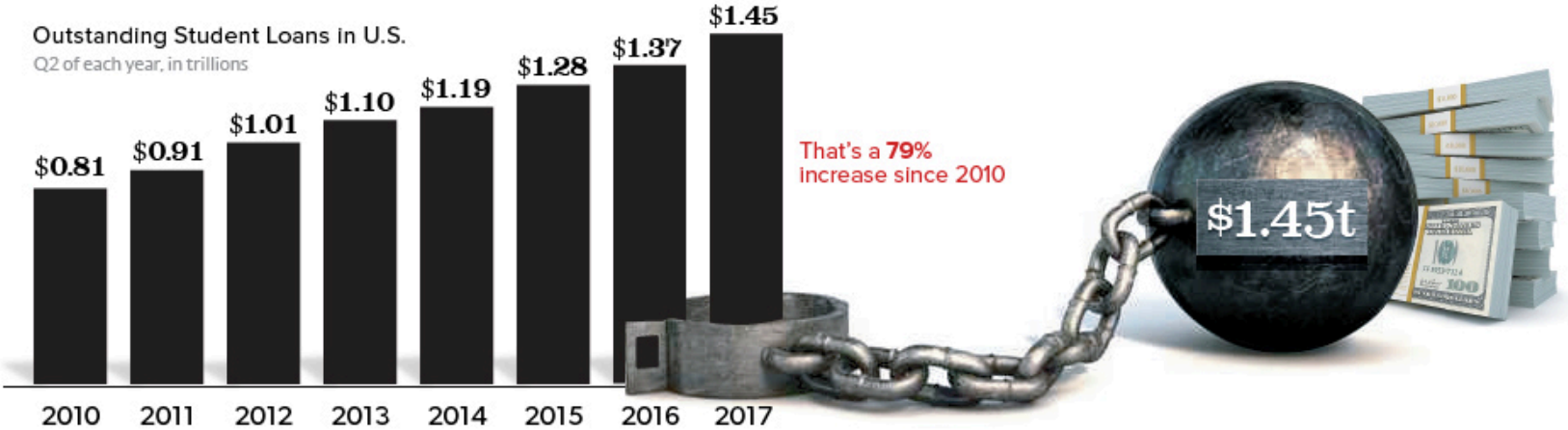


Source: 2016 National Financial Capability Study



# Personal Finance Report Card

Outstanding Student Loans in U.S.  
Q2 of each year, in trillions



A record high student debt load is beginning to weigh on millennials



## 45%

of students regret taking out as much loans as they did



## 76%

of millennials lack "basic" financial knowledge



## 70%

of millennials are stressed and anxious about saving for retirement



## 34%

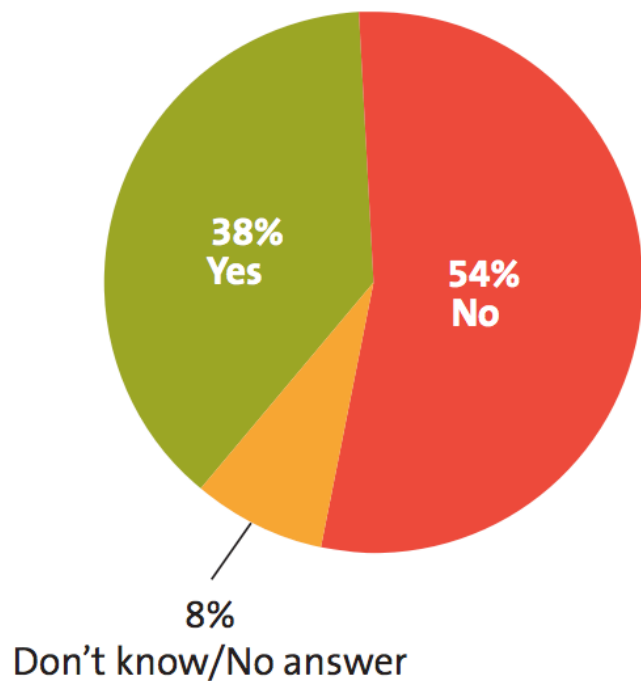
of millennials live with their parents

Source: Next Generation Personal Finance

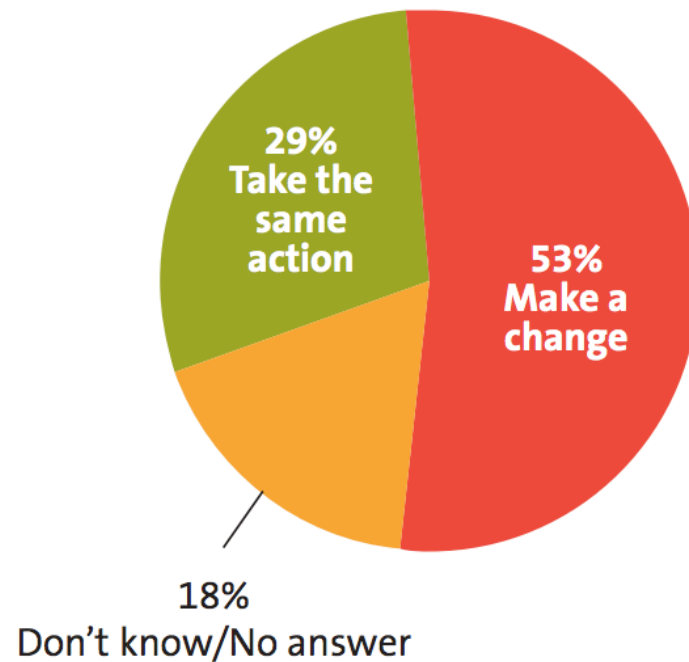


# Personal Finance Report Card

Before you got your most recent student loan, did you try to figure out how much your monthly payments would be?



If you could go through the process of taking out loans to pay for your education all over again, would you take the same actions or make a change?





# Where is Personal Finance Taught

## ARE TODAY'S STUDENTS PREPARED TO MAKE FINANCIAL DECISIONS?

New study finds U.S. high schools are missing the mark on personal finance

% of students required to take at least one personal finance course



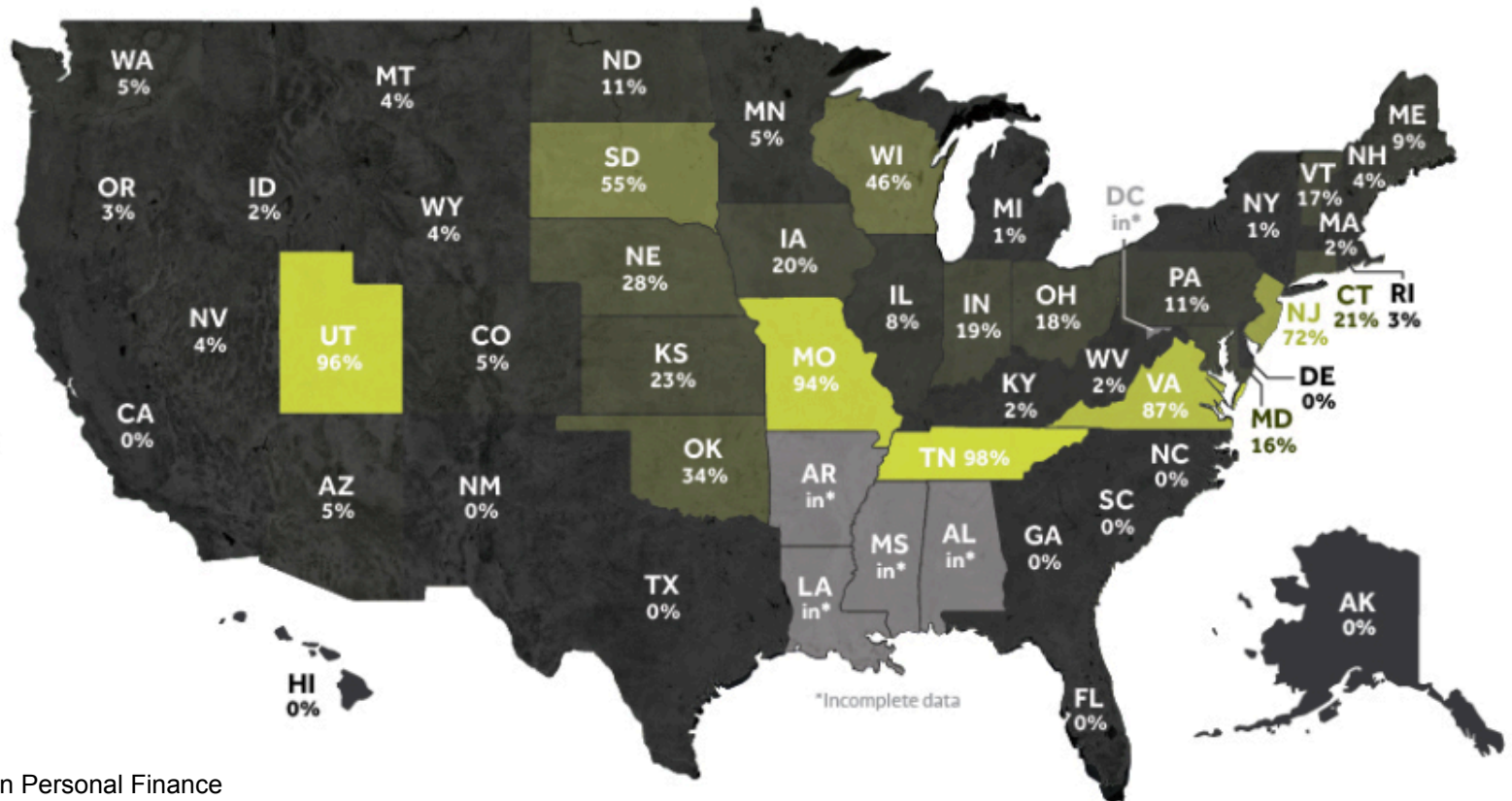
Only **16.4%** of U.S. students are required to take a personal finance course to graduate high school.

**5** states currently have a personal finance requirement in high school.



Outside of these five states, the proportion of students drops to **8.6%**

and only **5.5%** of low income schools have personal finance as a requirement.





## Teen Purchasing Power Fast Facts:

- 25.6 million: Number of teens in the U.S. (13-18 years old.)
- \$208.7 billion: Total U.S. teen spending.  
(Products bought by and for teens.)
- 18%: Amount of their income teens spend on food.
- 14 x the amount of money spent by adults, in proportion to their income.
- \$91 billion: total annual teen income in the U.S.
- \$117 billion: Annual amount of money families spend on teens for food, apparel, personal care and entertainment.



# Young Adults as Consumers

## Purchasing Trends:

- USA Today : June 2017 reports
- **Study conducted by Bankrate.com. Stated young adults...**
  - 54% Buy brewed coffee at least 3 times a week
  - 51% go to a bar at least once a week
  - 54% eat out or order in at least 5 times a week.

### **In comparison to the rest of us:**

- 59% of Americans do not purchase any brewed coffee per week
- 73% do not drink at bars as as a matter of habit
- 40% eat out or buy in once a week

Bottom Line...

**Young adults make “want” value choices with money. They are “want” based consumers**

# Why put another thing on your plate?



## Why add Personal Finance?





# Why put another thing on your plate?



## Why add Personal Finance?

- It is important for your students to know
- It is essential to support the virtual economy
- Could meet Personal Finance Standards
- Consistent grading opportunity (each month)
- Students can actually find it fun and exciting
- Creates opportunities for life lessons
- Teaches the value of money
- Simulates real life





## What I consider Personal Finance

- Personal Budgeting
- Buying a Car
- Establishing Your Living Situation
- Personal Living Expenses
- Paying For College
- Marriage, Kids & Pets
- Banking and Bill Pay
- State and Federal Income tax
- Personal Loans





**My website**

**alangersten.biz**

**Feel free to use anything you want  
from this site that will make your job  
easier**



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## Recommendations

- **Begin the process in fall: September - November**
- **Salary needs to be established**
- **Students need bank accounts set up**
- **Need to have some balance in their accounts**
- **Need to be trained how to use the bank**



# Basics of Personal Finance

## Step 1: Create a Personal Budget

- Determine what you can afford based on your salary
- [alangersten.biz](http://alangersten.biz) (my website)
- VEI Task Matrix- Personal (far right)
- Personal Finance 9.1 (click it to download)
- Students can play with numbers
- Can simulate having children and pets
- Budget requires \$50 reserve each month
- Submit completed budget for grade



# But Personal Finance is Personal

## Step 2: Determining Salary in your company

If the pay has been established this will be quick, if not this will require ½ day

Using the net pay determines what you can afford

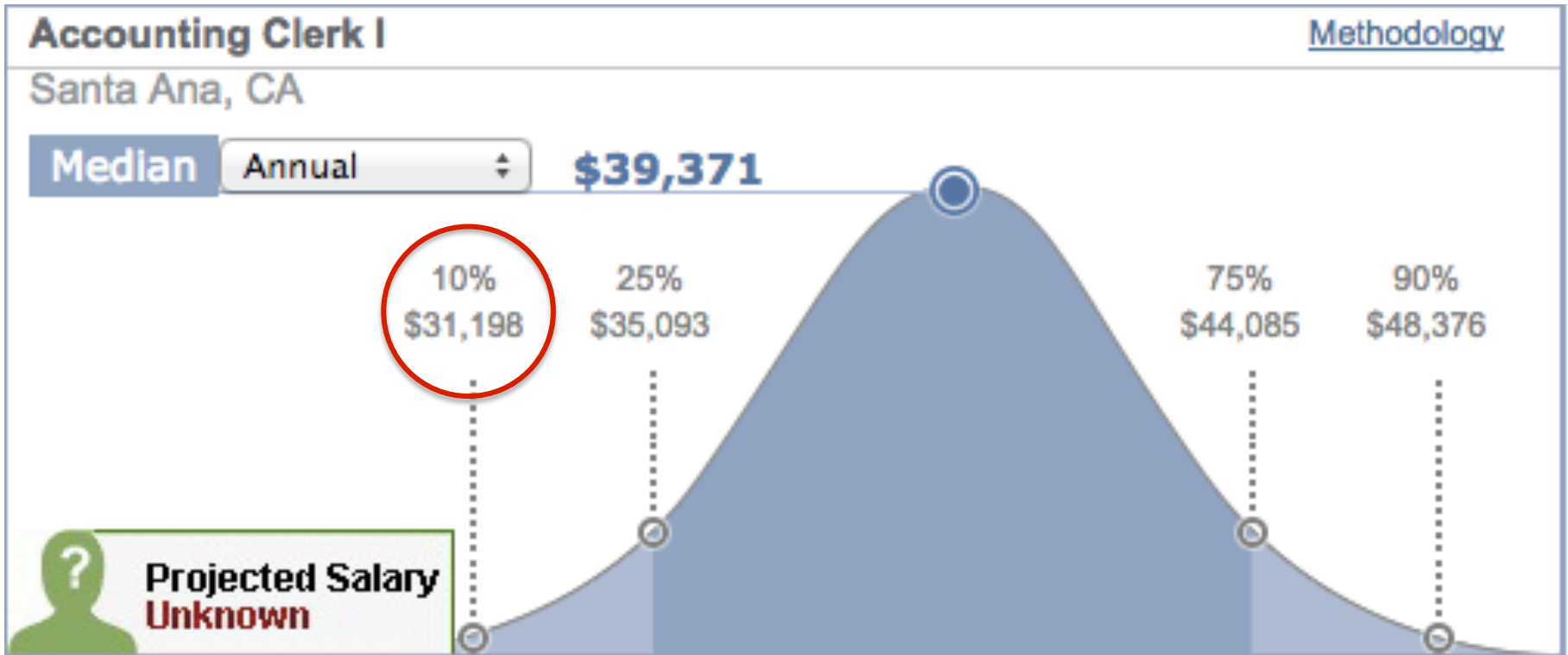
Salary.app found under HR in my VE Task Matrix on my website.

I have my VP of HR and CFO work together to determine salaries

# It all starts with the salary you establish



Start with [www.salary.com](http://www.salary.com)

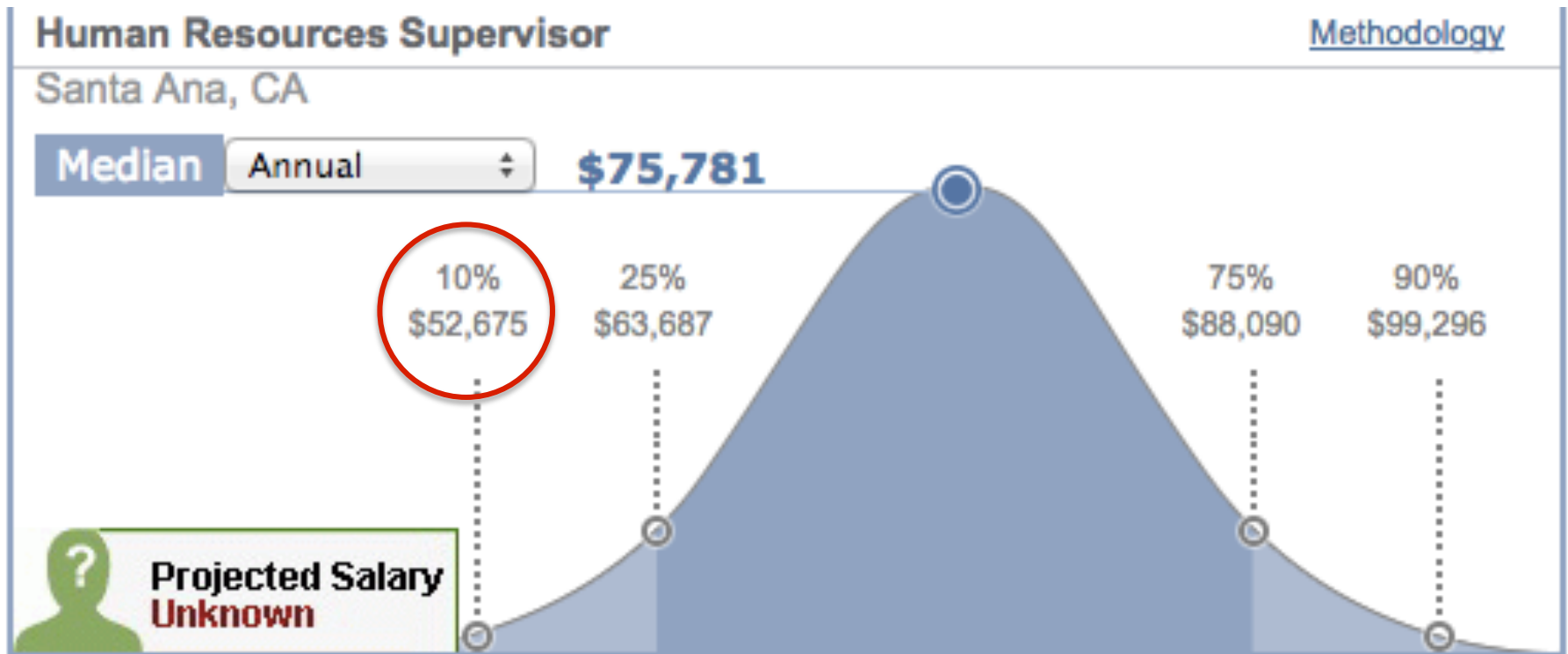


I have my students find the low end salaries for all entry level positions and average them so that all associates are paid the same.

It all starts with the salary you establish



## Vice President of Human Resources



The Vice President of Human Resources would be paid on the low end, an amount between median and 10%.





## Step 3 – Purchasing Transportation

**Students will be purchasing a vehicle to use for transportation to and from work.**

**This is an area where students can easily go over budget. They go after their dream car and most of the time do not have the salary to afford the car of their dreams**





## Step 4 - Finding a Palace to Live

Here the students will need to decide if they want to live alone or have roommates. Each roommate needs to have their own bedroom.



They will need to shop for places to live close to where they work that fit into their budget.

This is another place where they can go over budget based on what they want.

**\*Kids and marriage can be an option  
(will be discussed later in the presentation)**



# Student and Personal Loans

## Starting Money

- All employees start with \$5000 in their personal bank to get started
  - Down payment on car purchase
  - First and last month's rent

## Student Loan- Requirement for all executives

- All leadership is assumed to have a college degree (Education tab)
- Cost of college is based on GPA & path student chooses
- They plan the colleges they would like to attend
- Simulates Pell grants, state grants & possible scholarships
- Can simulate working while in college
- Calculates the student loan amount and monthly payment
- Must pay this in personal finance each month

## Personal Loan

- Loan applies when they are overspending and can not pay bills



## Marriage Requirements

1. Must purchase an engagement ring from a virtual company through the network for a cost of half the groom's monthly salary.
2. Must select and pay for their own wedding (options in my personal finance sheet ranging from 5K-25K). Monthly payments are calculated in the finance sheet over a 2-year period.
3. Must book a honeymoon, minimum of 3 days, and purchase it within the VE network online or at a trade show.
4. Only legal marriages recognized by the state are allowed, and a marriage application must be completed and filed with the Justice of the Peace (me).

# Virtual Marriages & Weddings



# Virtual Marriages & Weddings

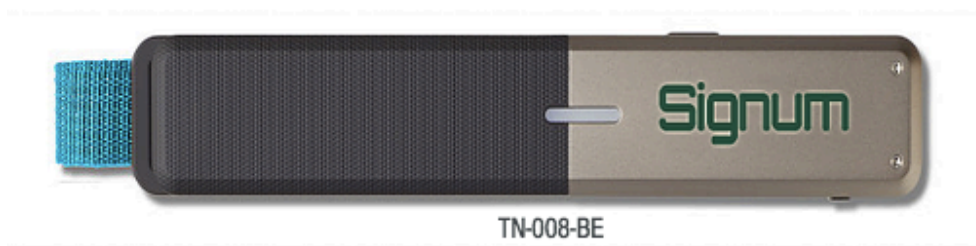




# Purchasing from other firms

## Required and Graded (we all need to have kids do this)

- Once per week or 4 times a month from other VE firms
- Grade awarded only when paid



### SIGNUM WAND

TN-008-BE, TN-005-GN, TN-010-PE, TN-011-RD

\$120.00 a pair

Signumtenna is the biggest help when your out of signal! This product provides signal communication and location as well as GPS. This product is perfect for outdoor activities and and travel. It comes in various colors such as green, orange, purple and blue.

TN-008-BE

ADD TO CART

TN-011-RD

ADD TO CART

TN-010-PE

ADD TO CART

TN-009-GN

ADD TO CART



# Purchasing from other firms

## Required and Graded

- Trade shows count toward purchases
- Grades are awarded only when paid

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# SAN DIEGO TRADE SHOW





# Want the good news or the bad news?



- **Random Occurrences**
  - **Life Happens Cards (1 each week)**
  - **Students draw a random occurrence**
  - **Record the effect on the personal finance sheet**



# Want the good news or the bad news?



## LIFE HAPPENS

A family member gets arrested for protesting in front of a nuclear power plant and you pay the bail of

**\$300.00**

Record this on your personal finance sheet for next month

## LIFE HAPPENS

Your car registration is due this month you need to pay...

**\$288.00**

Record this on your personal finance sheet for next month

## LIFE HAPPENS

Your cousins that are triplets have a birthday and you buy razor scooters as presents for all three

**\$180.00**

Record this on your personal finance sheet for next month

## LIFE HAPPENS

You have a garage sale and make

**\$175.00**

(record this a -175 on your finance sheet)

Record this on your personal finance sheet for next month

# Want the good news or the bad news?



## LIFE HAPPENS

You have a party at your place and someone flushes an entire roll of toilet paper down the toilet. It clogs the toilet and you need to call a plumber...bummer

Cost to you.

**\$175.00**

Record this on your personal finance sheet for next month

## LIFE HAPPENS

You find money under your seat at the movie theater, 3 nice twenty dollar bills! Andrew Jackson is now your favorite president

**\$60.00**

(record this as a -60 on your finance sheet)

Record this on your personal finance sheet for next month

## LIFE HAPPENS

You drop your phone and shatter the screen, phone still works but cost you to replace the screen

**\$100.00**

Record this on your personal finance sheet for next month

## LIFE HAPPENS

You come out of a party on Saturday and your car has been towed. You did not realize you parked in an after 6pm no parking zone.

**\$150.00** to free your car  
**\$25.00** for the uber ride

Record this on your personal finance sheet for next month



# Role of the Bank Manager

- **Cashes Endorsed Company Checks**
- **Pays employees out of the company account**
- **Maintains check filing system**
- **Verifies that all employees pay their bills**
- **Assess Finance charges on late payments**
- **Can track personal loans**





# Banker Verification and My Grading

Employee Name	Rent	Insurance	Electricity	Gas	Water	Cell	Cable	Car Ins.	Car Pay.	Food	Gasoline	Househd.	Credit Card	Total	P1	P2	P3	P4
Alvarez, Mike	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	1
Carillo, Jasmine	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	6.50	NP	NP	NP	NP
Castellanos, Jasmine	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	6.50	1.00	1.00	NP	NP
Castrejon, Diana	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	NP	NP	NP
Chavez, Karla	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Chavez, Valerie	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	1.00
Diaz, Jasmine	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Diaz, Zeus	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	1.00
Garcia, Katy	BM	BM	BM	BM	BM	BM	BM	BM	BM	BM	BM	BM	BM	-	NP	NP	NP	NP
Garcia, Marissa	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	12.00	NP	NP	NP	NP
Gonzalez, Lizbeth	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	P
Hernandez, Lizbeth	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Izquierdo, Salma	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Larrea, Evelin	BM	BM	BM	BM	BM	BM	BM	BM	BM	BM	BM	BM	BM	-	1.00	1.00	1.00	1.00
Luviano, Lizet	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Martinez, Carina	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Martinez, Joceline	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	NP
Martinez, Yariceth	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	NP
Miranda, Ricardo	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	NP
Mondragon, Katy	NP	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	NP	1.00	1.00	11.00	NP	NP	NP	NP
Navarro, Sara	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Ochoa, Iliana	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	6.50	NP	NP	NP	NP
Padilla, Evelyn	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	1.00
Palacios, Jaqueline	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Perez, Nayelli	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	1.00
Resendez, Michael	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	12.50	NP	NP	NP	NP
Soria, Franea	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Sorto, Daisy	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	1.00
Topete, Arnoldo	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	NP	NP	NP	NP
Ulloa, Nelly	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	13.00	1.00	1.00	1.00	1.00

**Verification of each employee is the responsibility of the bank manager. They will check each account and verify that payments have been made. These scores go directly into my grade book.**

# Questions, Comments and Suggestions



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