PERSONAL FINANCE LESSON PLAN

LESSON TITLE: “Determining Net Worth”

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Econ/Personal Finance Standards:
- NE Personal Finance Benchmark 1.3 Develop and evaluate a personal budget.

Key Concepts:
Asset
Liability
Net worth

Introduction:
Before starting this lesson, students need to be familiar vocabulary words: asset, liability, and equity. Also it is important students are comfortable using a calculator.

Resources:
Print Resources

Web Resources
Process:
1. Bell Ringer: With your partner make a list of items big or small you might own someday. (Have student write one of their items on the board)
2. Teacher will introduce the concept of net worth and why it is important.
3. To understand net worth it is important for students to know what an asset is. The teacher needs to further explain what an asset is and give examples.
4. Teacher will also further explain what a liability is and give examples.
5. To check for understanding have students pair up and tell their partner what an asset or liability is and give an example. Then have students share answers with the class.
6. Show calculation of net worth formula: $\text{Net Worth} = \text{Assets} - \text{Liabilities}$
   a. Model the formula with students to check for understanding.

Conclusion:
Net worth can act as a financial report card. As you decrease your liabilities and/or increase assets your net worth goes up. Having a higher net worth would show you are closer to meeting your financial goals.

Assessment Activity:
Have students label pictures as an asset or liability. The have students calculate net worth. See attached worksheet. If time allows have students check work with a partner.

Extension Activity:
Students who want to know why more about why net worth is important will be directed to the following website: http://www.investopedia.com/financial-edge/1212/why-you-should-know-your-net-worth-in-retirement.aspx.