

Black Financial Leadership Program Lesson #1



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What is Money?

Do you think.....

It's something
you use
to buy
things with?

Is it
something you
eat?

Yes or No?

How about...

Is it something
that your parents
can use to pay
the rent?

The answer is..

Money
is
a lot
of things!!

Money has two ways that it can be used

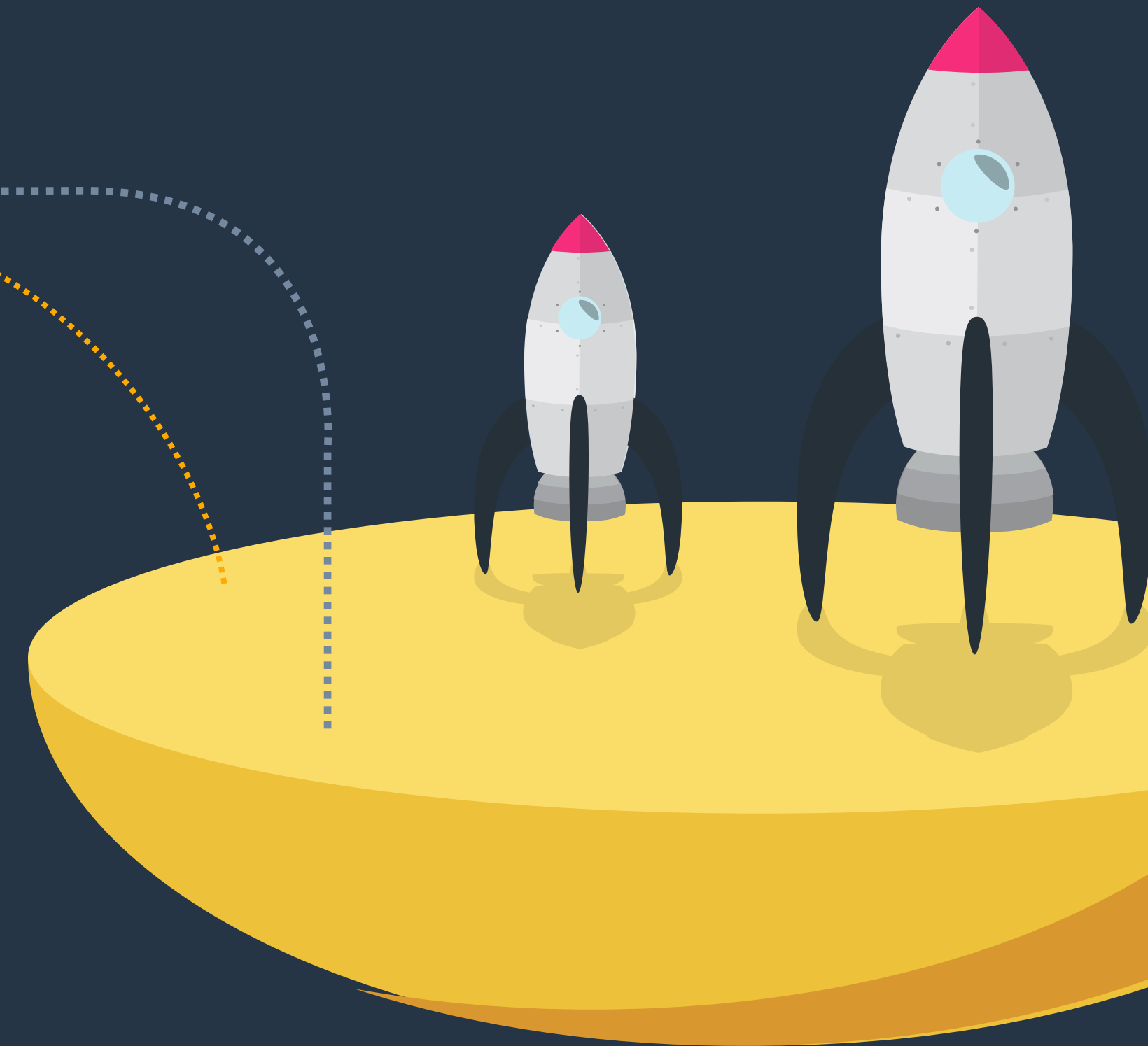
Consumption

1. When you buy things, like candy, shoes or a new dress.

2. Capital

When you save it and use it to make more money

Capital is when you keep your money and don't spend it, but use it for later instead.



What is Income?

- 1.** Income is money that you receive from someone that allows you to have cash
- 2.** You need income to pay your bills
- 3.** You also need income to build capital
- 4.** You never want to give all your money away, because then you will be broke!



What are some things you can do with money?



Why is money important in your life?



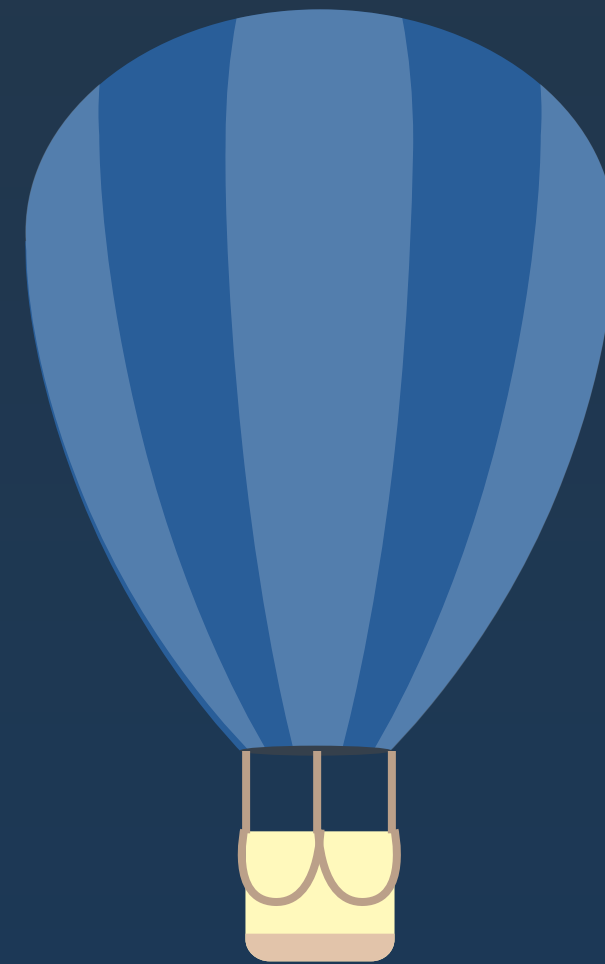
Got **MONEY**?

- Without money, you can't afford to take care of yourself
- Without Money, you can't help people who need it
 - This is what they call financial security
- You don't want financial insecurity, you want to be **FINANCIALLY SECURE!!**

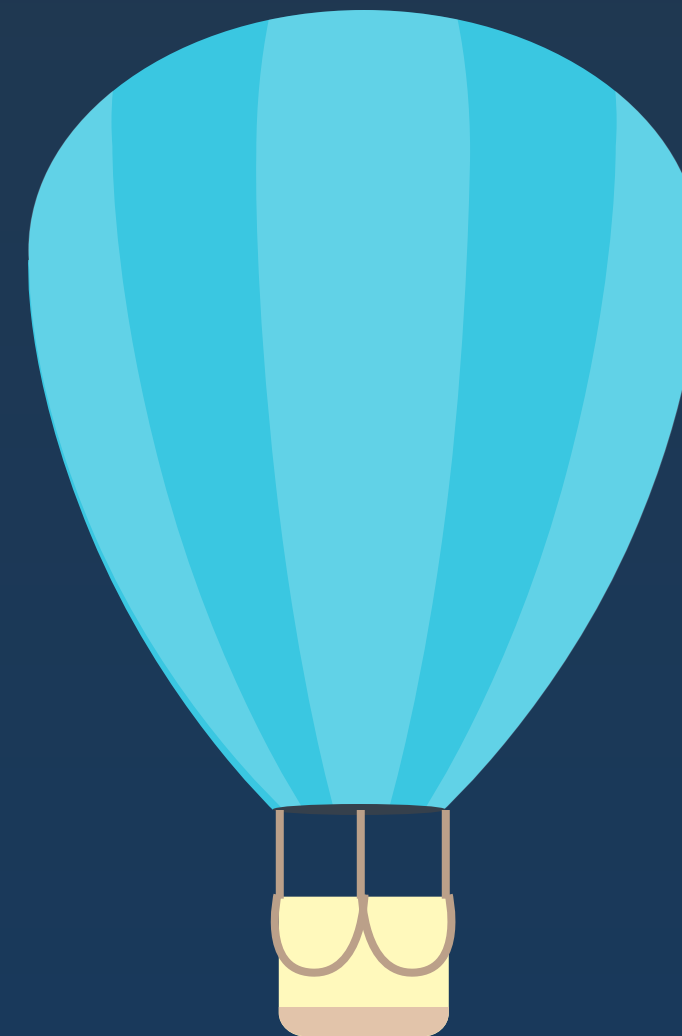
What are some ways you can get money?



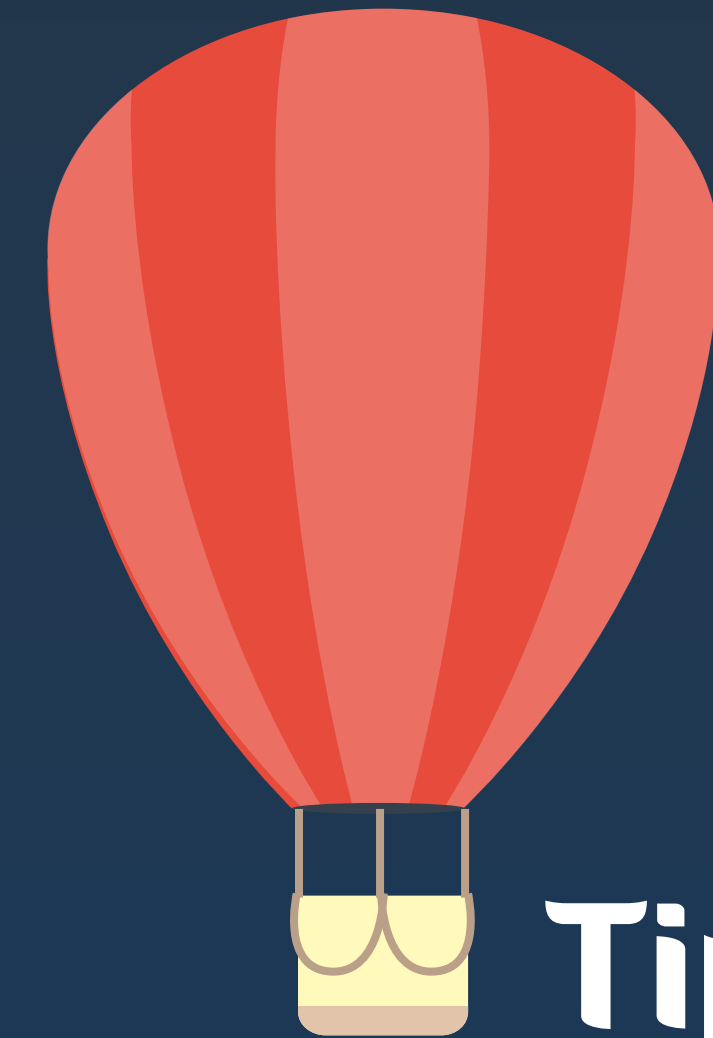
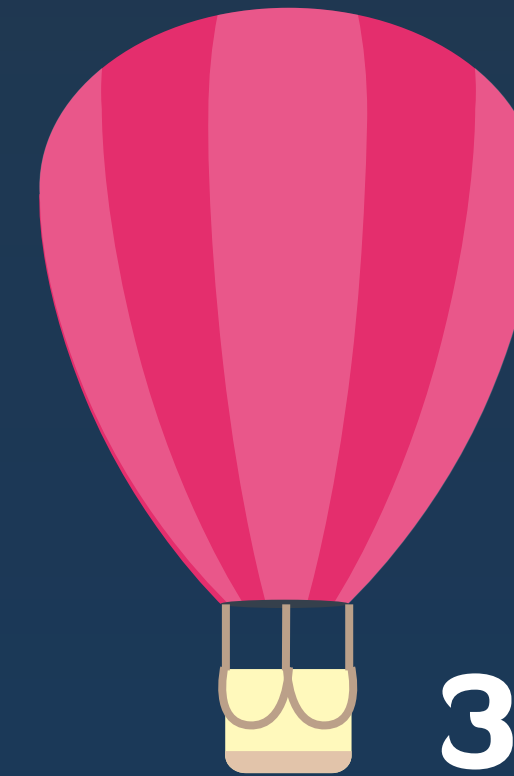
1.
You can work for it



2.
Someone can give it to you for no reason



3.
You can get money from your investments



Tip.
The way you get money is called **INCOME**

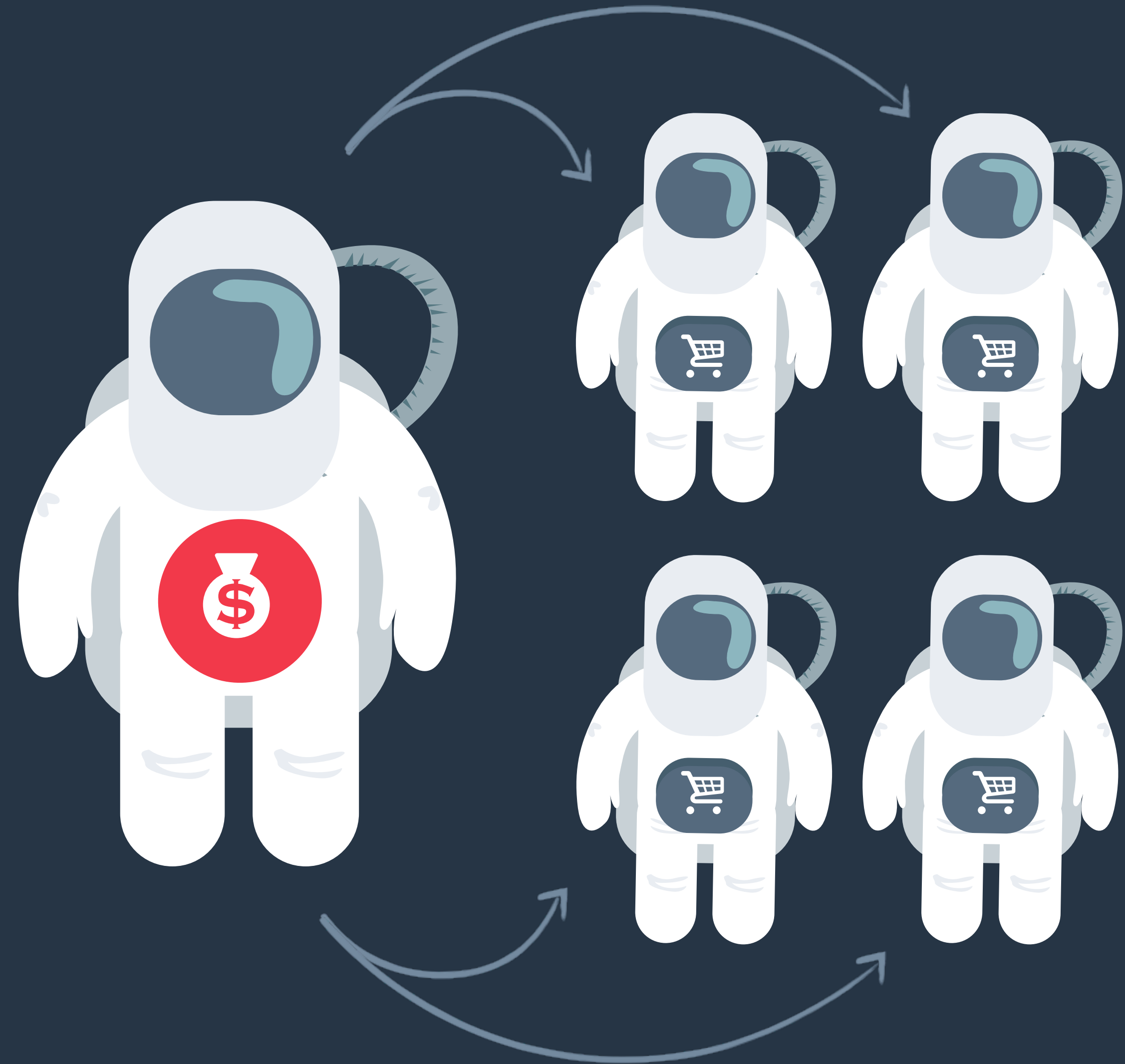
Producer Vs. Consumer

Producer

A producer is someone who uses their money to make products that other people buy

Examples:

- Lemonade you sell
- You make the shoes
- Toys that people buy for their kids



Producer Vs. Consumer

Consumer

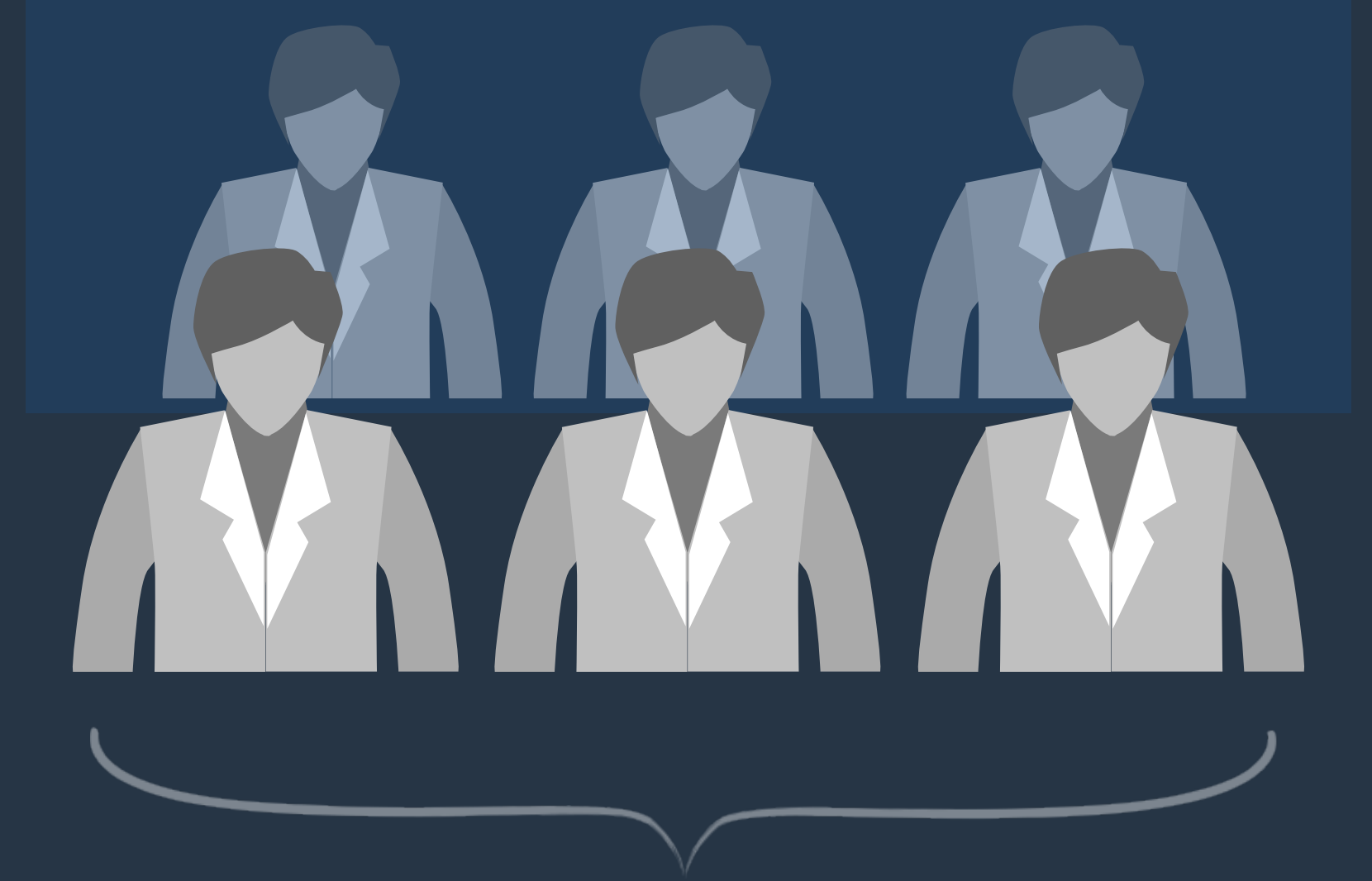
A consumer is a person who uses their money to buy things

Examples:

- New Clothes
- New Shoes
- New Car



Producer Vs. Consumer



★ All of us are going to be consumers sometimes

★ Not everyone is a producer

★ You should be both!

The world is a canvas waiting for you to create your OWN painting!

What is a loan?

Loan

A loan is when someone gives you money and you have to pay it back.

For example:

- Bobby needs \$10 to pay for lunch
- Bobby asks Mary if she can loan him \$10 and she says yes
- Mary has given Bobby a LOAN that he has to pay back

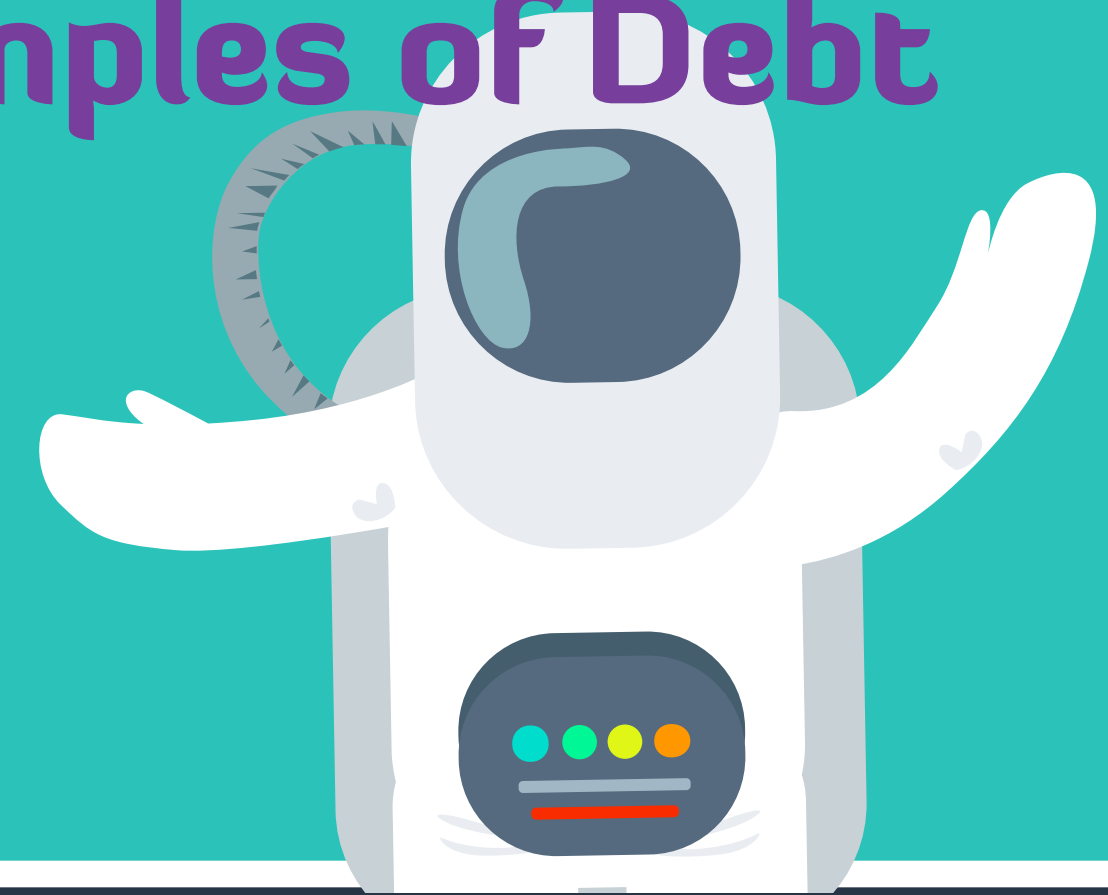
When someone gives you a loan, you are now in DEBT!

Debt

Being in debt means that you borrowed money from someone and they have to pay you back

You never want to have too much debt because it can be difficult to pay it all back.

Examples of Debt



1.

Bobby borrows \$10 from Mary on Monday, then again on Tuesday, then Wednesday

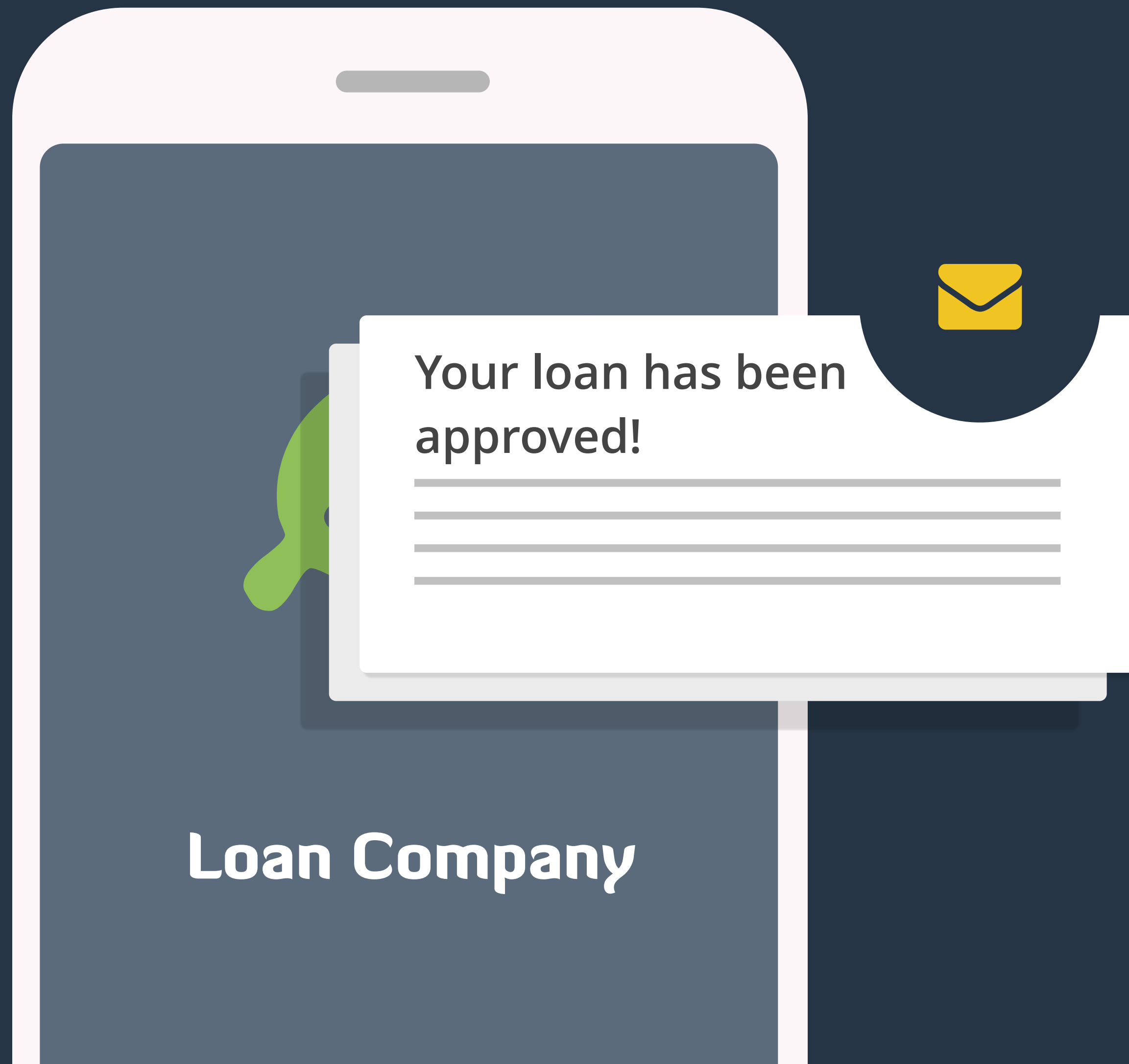
2.

Bobby is now in debt to Mary for $\$10 + \$10 + \$10 = \30

3.

That's A LOT OF MONEY!!

What is interest?



6%^oApr

When someone gives you a loan, they may charge you a price for borrowing their money.

This is called **INTEREST**

Example:

Mary loans Bobby \$30 and then says that he has to pay \$5 interest on the loan

That means that Bobby owes Mary **MORE** than \$30. He now owes her $\$30 + \$5 = \$35$

What have we learned so far?

- Income is the money that you receive from someone that allows you to have cash
- A loan is when you borrow money from another person
- Money can be used of either consumption or capital
- You want to be both a producer and a consumer





Homework

1. Make a list of 5 things you see someone consume this week
2. Make a list of 5 things that can be produced
3. Make a list of 3 things you can do if you had lots of capital