

# Unit 13: Personal Finance With a Comprehensive Economics Review



SS8E1-SS8E5

# Unit Focus

This unit will focus on fiscal responsibility among individuals. Students will learn the value of budgeting, investing, spending and making sound decisions regarding income, spending, and saving. They will study the **productions, distributions, and consumption of Georgia products and how these may affect decisions made by investors.**

# Teacher Note:

- ✓ Unit 13 encompasses Standard SS8E5 on the topic of income, spending, credit and saving. While standards SS8E1, SS8E2, SS8E3, and SS8E4 are interwoven into previous units, I have chosen to re-teach them in this unit as a way to review.

# SS8E1

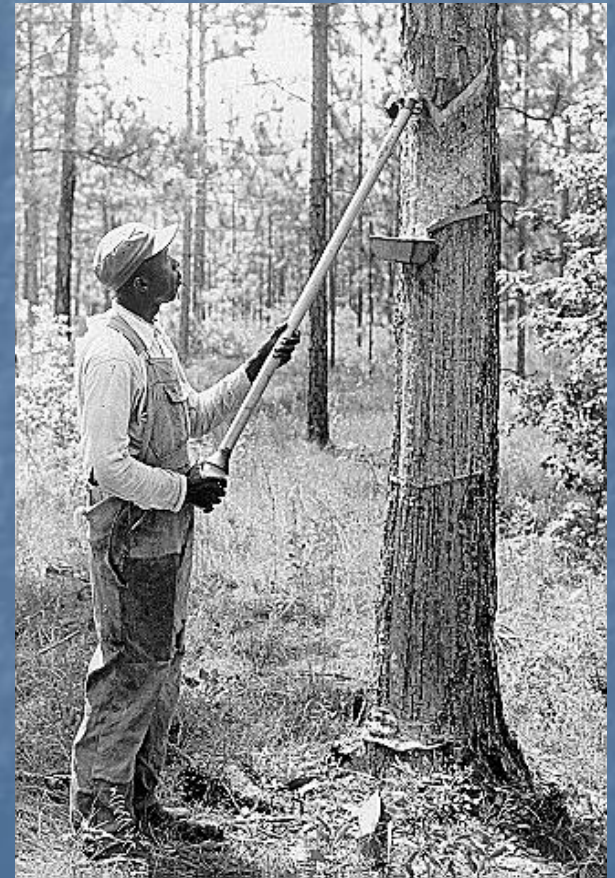
## (Goods and Services)

- **SS8E1:** The student will **give examples** of the kinds of goods and services produced in Georgia in different historical time periods
  - Give Examples: to list or give an account of several instances; *recount, list*

# Goods and Services

## SS8E1

- While GA has produced many goods and services over its long history, there are several specific ones that have affected the history, geography, and economics of the state.



Harvesting tree sap for naval stores

# Goods and Services

## SS8E1



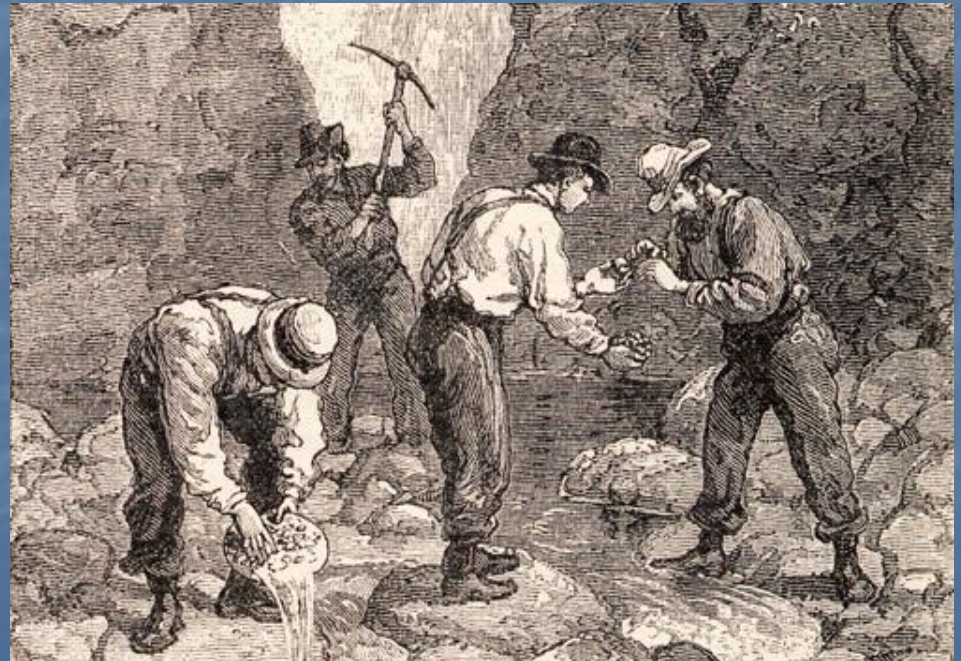
- Prehistory/Colonial Pd. (10,000 B.C. – 1790)
- Prehistoric Indians: corn and other crops
- Colonial Times: rice, indigo, tobacco



# Goods and Services

## SS8E1

- Antebellum Period (1790-1860)
- Cotton, railroads developed, gold



# Goods and Services

## SS8E1



Laurel Woolen Mill in Roswell



Confederate Powder Works in Augusta

- Civil War and Reconstruction (1861-1877)
- Cotton, textiles, weapons
  - Atlanta's importance in manufacturing was reason for Sherman to burn the city



# Goods and Services

## SS8E1

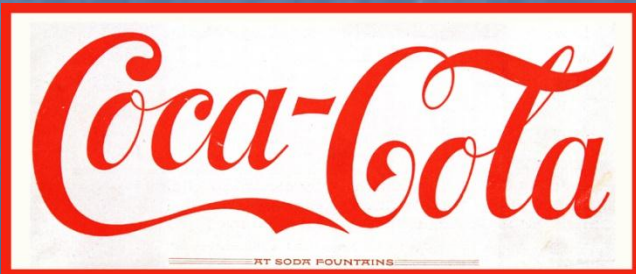
- New South Period (1877-1918)
- Cotton, naval stores
- Companies: Coca-Cola Founded, Atlanta-Life Ins. Co. Founded



Naval Stores in Savannah, Georgia



The Atlanta Life Ins. Co. office ca 1925



# Goods and Services SS8E1



Delta began as a crop dusting operation in 1928



Georgia Pacific began as Georgia Hardwood Lumber Company in 1927

- Depression Era (1919-1940)
- Though agriculture remained key to economy, new companies are founded:
  - Delta Airlines
  - Co. that would become Georgia-Pacific

# Goods and Services SS8E1

- WWII (1941-1945)
- Liberty Ships
  - (Savannah/Brunswick)
- B-29 Bombers
  - (Bell Aircraft Plant)



Savannah shipyard during WWII



# Goods and Services SS8E1



- Post War GA (1945-Present)
- Agriculture largest part of GA economy
- Pecans, peanuts, cotton, peaches, Vidalia onions, shrimp, cattle, poultry, granite
- Companies:
  - Coca-Cola, Delta, & Georgia-Pacific grow
  - Home Depot, AFLAC, Chick-Fil-A, UPS, Waffle House, Lockheed-Martin, KIA



# SS8E2 (Free Trade)

- **SS8E2:** The student will explain the benefits of free trade.
  - Explain: to make understandable, to spell out:  
*illustrate , interpret*

# SS8E2a

## (GA Engaging in Trade)

- **SS8E2a: Describe** how Georgians have engaged in trade in different historical time periods.
  - Describe: to represent or give an account of in words; *recount, report*

# Georgia & International Trade

- Georgia has been engaging in trade since its first colonists were required to plant mulberry trees to produce silk for export
- Today, Georgia exports Agricultural products, manufactured goods, and technological goods to locations across the globe



Georgia-Pacific Products

# SS8E2b

## (Transportation / Economics)

- **SS8E2b: Explain** how the four transportation systems from SS8G2 (Interstate Highways, Hartsfield-Jackson International Airport, Georgia's deep water ports, and railroads) contribute to Georgia's role in trade.
  - Explain: to make understandable, to spell out; *recount, report*



# Transportation and Trade

## SS8E2b



- Georgia's four transportation systems impact the state greatly. These 4 Systems:
  - Provide jobs, encourage tourism and enable trade
- GA's 4 main transportation systems are:
  - Interstate Highway System
  - Hartsfield Jackson International Airport
  - Deepwater Ports (Savannah, Brunswick)
  - Railroads

# THE BIG IDEA

## (Economic Growth)

- **SS8E3:** The student will evaluate the influence of Georgia's economic growth and development
  - Evaluate: to make a judgment as to the worth or value of something; *judge, assess*

# THE BIG IDEA

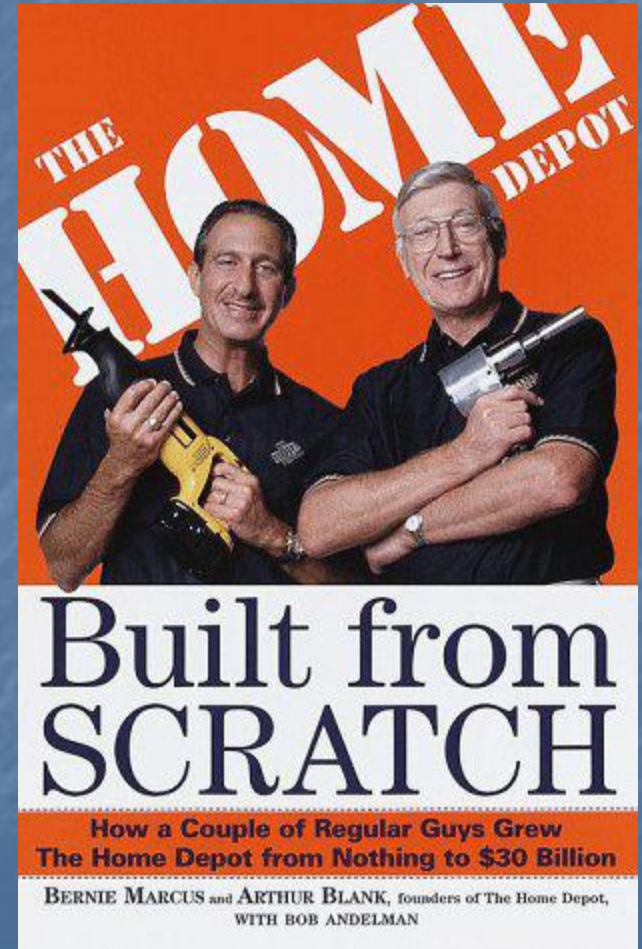
## (Profit)

- **SS8E3a: Define profit and describe how profit is an incentive for entrepreneurs.**
  - Define: to state or set for the meaning of; *explain, detail*
  - Describe: to represent or give an account of in words; *recount, report*

# The Incentive of Profit

## SS8E3a

- Profit: the amount of money gained in any transaction
- Profit is the incentive to those who take the risk to start a business or invest in something
- Greater risk = Greater potential profit earned... or profit lost



# THE BIG IDEA

## (Entrepreneurial Risk)

- **SS8E3b: Explain** how entrepreneurs take risks to develop new goods and services to start a business
  - Explain: to make understandable, to spell out; *recount, report*

# Entrepreneurs

## SS8E3b



- Entrepreneur: a person who takes on the risk and organizes, manages, and owns a business
- Benefits:
  - Be your own boss
  - Work for yourself, not someone else
  - Receiving majority of the profit
- Pitfalls:
  - Many business fail in 1<sup>st</sup> five years
  - May stand to lose your own money
  - Long hours

# THE BIG IDEA

## (Georgia Entrepreneurs)

- **SS8E3c: Evaluate** the importance of entrepreneurs in Georgia who developed such enterprises as Coca-Cola, Delta Airlines, Georgia-Pacific, and Home Depot.
  - Evaluate: to make a judgment as to the worth or value of something; *judge, assess*

# Coca-Cola

## SS8E3c

- Entrepreneur:
  - Invented by John Smith Pemberton (1886)
  - Significant growth under: Asa Candler (1889-1919)
- Growth:
  - Under Robert Woodruff, Coca-Cola grew to be an international brand
  - Recognizable all over the world
- Today:
  - Coca-Cola is the world's largest manufacturer of non-alcoholic beverages
  - Operates in hundreds of nations worldwide



Asa Candler



Robert Woodruff





# Delta SS8E3c



## ■ Entrepreneur

- C.E. Woolman purchased Huff Daland from his partner in 1928 and renamed it Delta Air Service

## ■ Growth:

- Delta began carrying passengers from Texas to Mississippi in 1929 but soon stopped until 1934
- Delta won air mail contract with U.S. Government in 1934
- Moved headquarters to Atlanta in 1941

## ■ Today:

- Delta is the largest airline in the world employing over 80,000 people worldwide



# Georgia Pacific

## SS8E3c

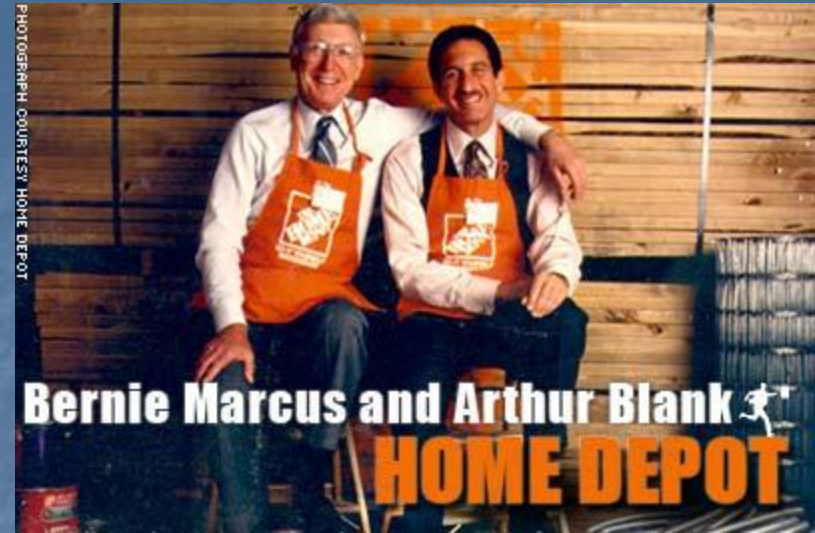
- Entrepreneur:
  - Owen Cheatham established the Georgia Hardwood Lumber Company in 1927
- Growth:
  - Renamed Georgia Pacific Plywood Company in 1948
  - Since the 1940's Georgia Pacific has been expanding product lines (chemicals, paper products for home/commercial use, etc.)
- Today:
  - GA Pacific is owned by Koch Industries (Wichita, Kansas)
  - GA Pacific manufactures building materials, chemicals and consumer products



# Home Depot

## SS8E3c

- Entrepreneur(s):
  - Bernie Marcus and Arthur Blank who worked together at Handy Dan Home Improvement Centers
- Growth:
  - 1978 Marcus and Blank were fired and together began The Home Depot
  - 1979 opened 2 stores in Atlanta
- Today:
  - 2<sup>nd</sup> largest retailer in the U.S.A.
  - Fastest growing retail chain in the U.S.A.



Home Depot founders Bernie Marcus and Arthur Blank



The Home Depot places a large emphasis on customer service

# Home Depot's Origins SS8E3c

**THE HOME DEPOT**

**INTRODUCING TWO SUPER DO-IT-YOURSELF STORES WITH WAREHOUSE PRICES!**

- TREMENDOUS SAVINGS ON EVERYTHING FROM LUMBER TO NAILS... FURNITURE TO FLOORING... LIGHTING TO LAMPPOSTS... WHATEVER YOU NEED!
- WAREHOUSE PRICES ON LUMBER & BLDG. MATERIALS, PAINT, FLOORING, WALL COVERING, PLUMBING, HARDWARE, ELECTRICAL, GARDEN AND UNFINISHED FURNITURE

**GRAND OPENING!**

**ATLANTA'S DO-IT-YOURSELF WAREHOUSE**

**SAVE THIS BOOK. PRICES GOOD THRU AUGUST 5th.**

We Reserve The Right Right To Limit Quantities On Sale Items.

**DORAVILLE**  
5600 BUFORD HIGHWAY  
NEXT TO TREASURE ISLAND  
AT I-285

**DECATUR**  
4380 MEMORIAL DR.  
NEXT TO TREASURE ISLAND  
AT I-285

**HOURS OPEN:**  
11a.m.-9p.m. WEEKDAYS  
9a.m.-6p.m. SATURDAY  
Noon-6p.m. SUNDAY

**EACH STORE-60,000 SQ. FEET OF WAREHOUSE SAVINGS!**



Home Depot store in 1979. The first stores were in leased space from Treasure Island, a store owned by J.C. Penny, so they had a distinctive zig-zag roof.

The first Home Depot Flyer, 1979

# THE BIG IDEA

## (Revenue Sources)

- **SS8E4:** The student will identify revenue sources for and services provided by state and local governments
  - Identify: to recognize or establish; *locate, classify*

# Taxes and Revenue In GA

SS8E4a, SS8E4b, SS8E4c

- **SS8E4a: Trace sources of state revenue such as sales taxes, federal grants, personal income taxes and property taxes**
- **SS8E4b: Explain the distribution of state revenue to provide services**
- **SS8E4c: Evaluate how choices are made given the limited revenues of state and local governments**

# Taxes and Government

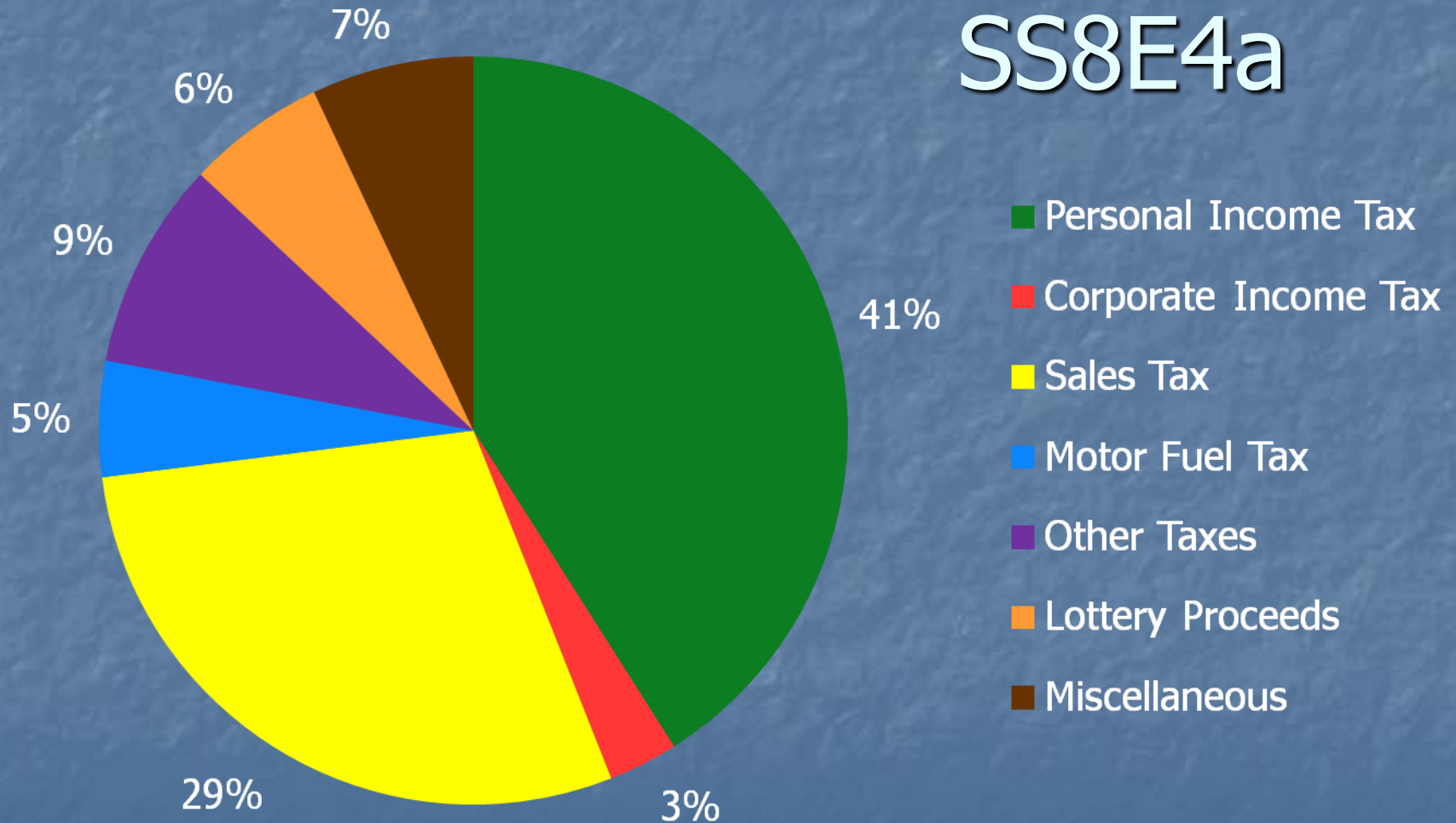
## SS8E4a, SS8E4b, SS8E4c

- Taxes help pay for the services that local and state government provides
- Most of Georgia's tax revenue comes from Personal Income Taxes
- Other revenue comes from sales tax
  - Sales tax: tax charged on retail items, rentals, goods etc.
- Each year, the Governor's office has to predict the state's revenue & this prediction directly affects the programs that are implemented or cut at the state and local level

# State Revenue

## Sources SS8E4a

### State Revenue Sources

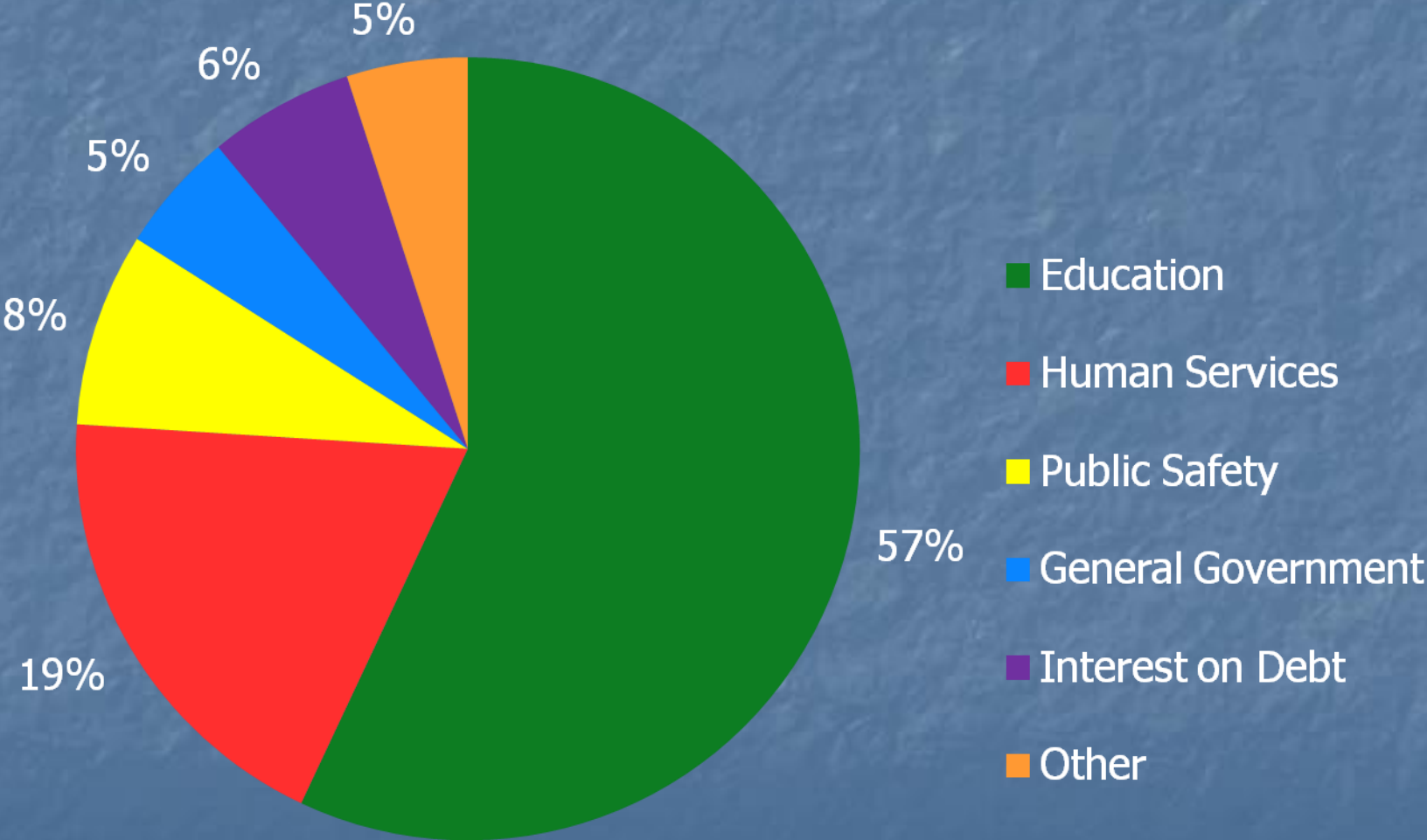




# State Spending

## SS8E4b

### State Expenditures



# THE BIG IDEA

## (Money Management)

- **SS8E5:** The student will explain personal money management choices in terms of income, spending, credit, saving, and investing.
  - Explain: to make understandable, to spell out; *recount, report*

# SS8E5: Income

- Income: the total amount of money one makes in a year
  - Your "income" is not the same amount as what you take home in your paycheck.
    - Taxes, benefits, Social Security etc.



# SS8E5: Spending



- Spending: the amount of money spent on what a person purchases.
- Needs vs. Wants
  - food, shelter, etc.
- Needs can become wants depending on:
  - *What* you wear
  - *What* you drive
  - *What* you eat



# SS8E5: Credit

- Credit- when a person is allowed to purchase goods or services without immediately making payment.
- Credit is extended when the payment is deferred over time based on the individual's ability to pay at a later date.
  - Examples:
    - Line of credit @ a store/business
    - Home Equity Line of Credit
    - Credit Cards



# SS8E5: Credit vs. Debit

## ■ Credit Cards:

- Based on a credit report, a company allows the user to spend money and pay back over time with interest
  - Store Credit Cards
  - Visa, Master Card, Discover, AMEX etc.
  - May offer rewards

## ■ Debit Cards: (AKA Check Card)

- Used like a credit card
- Money is withdrawn from checking account at time of purchase
  - Use as credit: signature
  - Use as debit: PIN number



**The credit card and debit card may look very similar, but they work differently**

Griffith-GA Studies



# SS8E5: Credit Reports

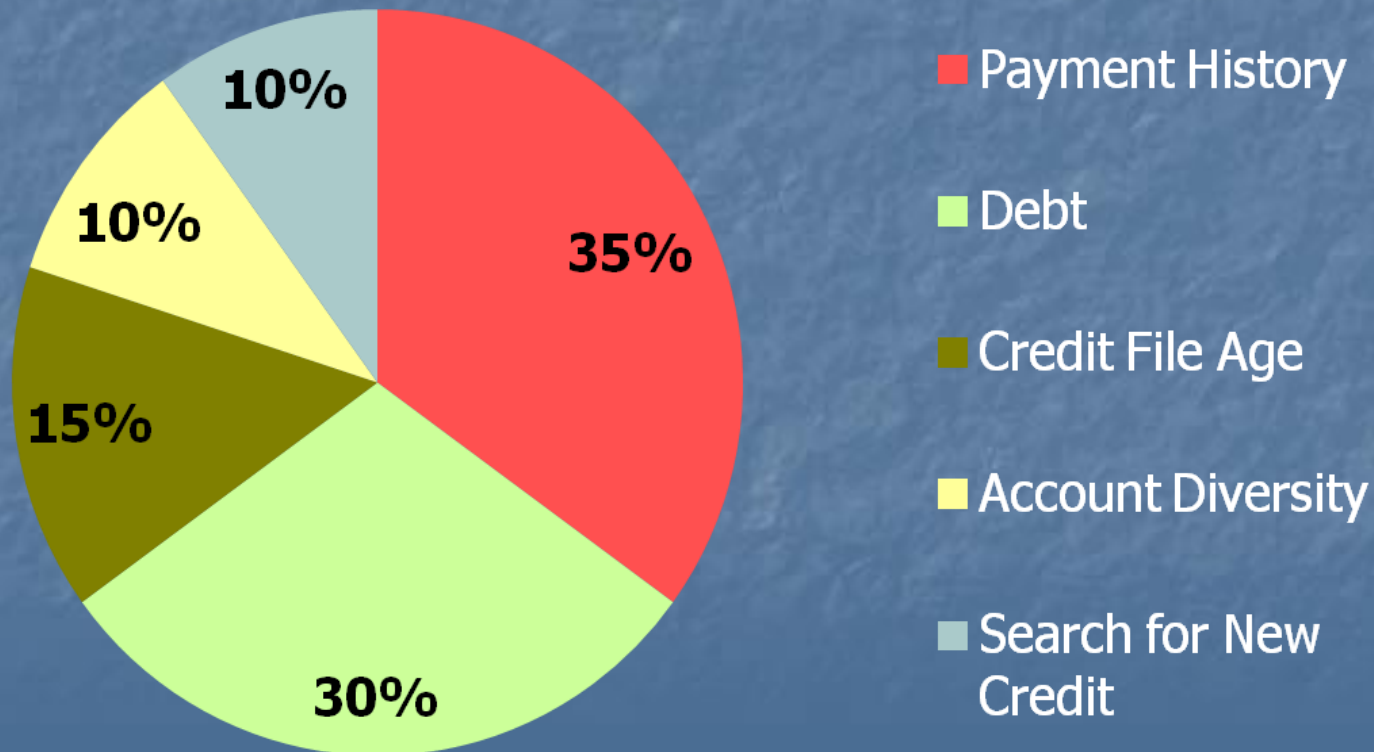
- Report issued by one of three major credit bureaus
- This report will detail the history of an individual's creditworthiness
- Usually gives a FICO score... the better your credit, the higher your score



# SS8E5: Credit Score

- Your FICO score is a number representing your creditworthiness
- Helps a lender determine likelihood that you will repay your debt

## Factors in Determining your Score





- **saving**: putting money aside in an account in order to earn interest on the money

# SS8E5: \$aving

- **Traditional Savings Account**
  - Least amount of interest earned
  - Deposit/Withdraw easily
- **Money Market Account**
  - Usually pays more interest paid than traditional. savings
  - May have min. balance requirements
  - Ability to get quick access
- **Certificate of Deposit**
  - Pays highest amount of interest
  - Cannot gain instant access to money w/o penalty

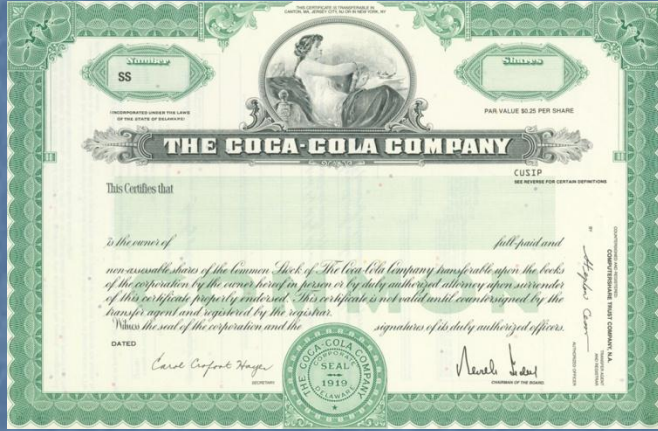


The higher the percentage rate...

The more money the bank pays you...

The more money you make

# SS8E5: Investing



- Investing: using money to make more money.
- It is best to invest your money into something that will appreciate in value
- The higher the risk, the higher the reward
- You may choose to invest in:
  - Stocks- share of ownership in a particular company or corporation
  - Bonds- a certificate of debt used to raise money, carries a fixed rate of interest at a set date
  - Real Estate- Buy property and sell at higher value, you may wait for the value to increase or make improvements

# SS8E5

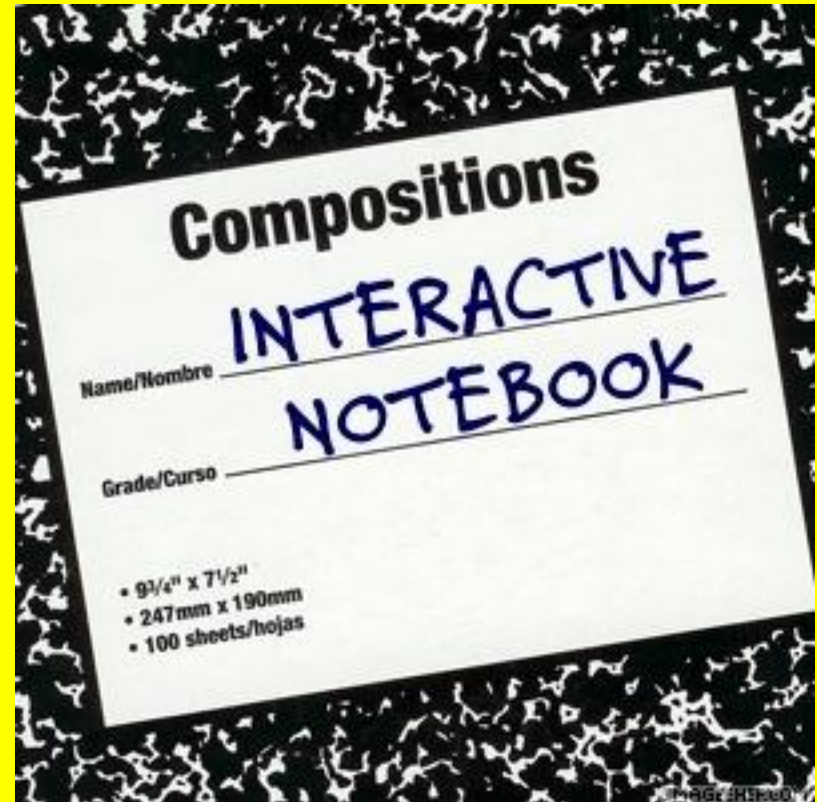
## Personal Finance

- **Discussion: Can you answer the EQ now???**
  - (Production, Distribution, and Consumption)
  - **Essential Question:**
    - What are some possible sources of income for teens?
    - Why is it important to save money?
    - Why is good credit important?
    - What dangers are associated with credit?
    - How might an individual increase their potential income?

# Personal Finance

## SS8E5

- In your notebook:
  - **Explain** the meaning of credit. In your explanation, discuss the importance of monthly bills for things like a cell phone or store credit card. Finally, **explain** why having good credit is important.
    - **Explain**: to give an account of in words; *recount, report*



# Personal Finance



- In your notebook:
  - Explain** the meaning of credit. In your explanation, discuss the importance of monthly bills for things like a cell phone or store credit card. Finally, **explain** why having good credit is important.
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