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# Scoring points for your financial future

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## Money tight? Give time, give miles, give vacation

By Sandra Block  
USA TODAY

Wealthy individuals and big corporations are contributing millions of dollars to hurricane relief. You want to help out, too, but by the time you pay for your mortgage, groceries and gas, there's not much left for charity.

Fortunately, there are many ways to help that will cost you practically nothing. Here are some creative ways to give:

► **Give vacation days.** The IRS will allow employees to donate the value of unused vacation, sick or personal days to hurricane relief efforts.

First, your employer has to set up a program to turn your unused days into cash and give the money to hurricane-related charities. If you're interested, talk to your employer about establishing a program, says IRS Commissioner Mark Everson. "It's not going to be burdensome for employers," he says.

Many companies don't let workers carry over unused vacation days, says Leigh Griffith, a tax attorney with Waller Lansden Dortch & Davis in Nashville. If you have vacation days you know you won't use by year's end, you can donate the value of them to charity.

Workers who have used up all their vacation days for this year can still donate. The program will continue through 2006, Everson says.

It's up to your employer to determine the value of your unused days, Griffith says. You can't deduct leave-based donations on your tax returns. However, employers can deduct the value of the donated days as a business expense.

The IRS offered a similar leave-based program after the Sept. 11 terrorist attacks, but few companies signed up. The IRS is hoping for more participation this time because the needs are so much greater, Everson says.

"This is a really big, affected area with hundreds of thousands of families," he says.

► **Give miles.** Lots of people accumulate frequent-flier miles in hopes of redeeming them for a free ticket to an island paradise. But many financially strapped airlines have increased the number of miles needed for free flights. By the time you stockpile enough miles to fly to Hawaii, you may be too old to enjoy the trip.

Here's an alternative: Give those miles to charity. Most major airlines allow you to donate frequent-flier miles to selected charities. You can find more information at your airlines' Internet site. The Red Cross website, [www.redcross.org](http://www.redcross.org), also lists major airlines that allow customers to donate their frequent-flier miles to the Red Cross.

The miles are used to transport volunteers and staff to disaster areas. Some airlines will provide matching mileage

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contributions. Most require a minimum contribution, ranging from 1,000 to 5,000 miles.

Frequent fliers already have donated millions of miles. Northwest Airlines, for example, said its customers have donated more than 10 million miles to hurricane relief efforts.

You also can donate points from other rewards programs. For example, American Express is allowing card holders enrolled in its Membership Rewards program to donate their points to charities involved in hurricane relief. The standard donation is \$5 for every 1,000 points; through Oct. 31, American Express will donate an additional \$5 for every 1,000 points. You can donate your points at [www.americanexpress.com](http://www.americanexpress.com).

► **Give time.** The Red Cross is mobilizing 40,000 volunteers to serve in areas hit by the hurricane. Individuals with disaster training are urgently needed, according to the Red Cross. You can find more information at the Red Cross website. You also can research volunteer opportunities at [www.volunteermatch.org](http://www.volunteermatch.org).

A tax bill pending in Congress would help volunteers offset some of their transportation costs.

Volunteers who itemize can deduct the cost of using their vehicles at a rate of 14 cents a mile. If that sounds stingy, it is: Congress hasn't increased the rate since 1997.

Bills approved by the House and Senate last week would deliver a bigger deduction. The House bill would raise the rate to 70% of the IRS standard mileage rate, which is claimed by taxpayers who use their personal vehicles for work.

The IRS recently increased the standard rate to 48.5 cents a mile through Dec. 31, which would put the charitable mileage rate at 34 cents.

A Senate version of the bill, also approved last week, would raise the charitable rate to 60% of the IRS rate. Congress is expected to vote on a compromise version of the bill within the next few days.

## Money tight? Give time, give money, give miles

### Objectives:

Students will:

- read and discuss the USA TODAY article, “Money tight? Give time, give money, give miles.”
- make an annual budget for a family or individual based on predetermined career and financial criteria.
- analyze how financial situations impact philanthropy.

### Concepts:

- personal finance
- fiscal responsibility
- budgeting
- philanthropy

### Preparation:

Read the article, and copy and clip out the life cards and budget worksheet. Then, review the discussion questions, and add any that will meet the particular needs of your students. You may want to determine student pairs beforehand.

### Procedure:

1. Ask students to define philanthropy. Then, write the following questions on the board, and discuss each in class: 1. What are some ways of contributing to charities? 2. Why do people engage in philanthropic behaviors? 3. Do you need to be financially “well off” to contribute?

2. Assign students the USA TODAY article “Money Tight? Give time, give miles, give vacation.” As they read, ask individuals to consider the three questions you discussed and write a response to two of them.

### Activity at a glance:

- Grade level: 9-12
- Subjects: careers, economics, personal finance, language arts, math
- Estimated time for this activity: 120 minutes (three periods plus homework)

### Materials:

- Reading: “Money tight? Give time, give money, give miles”
- Budget worksheets
- Life cards
- Internet access (or teacher can provide information about local income and property taxes to students)
- Calculators

3. After reading the article, talk about students' answers to the response questions. You can conduct a class discussion or break students into groups.

4. Tell students they will be working in small groups on a budgeting activity. Each group will receive one "life" card that describe their income, education level and monthly bills and expenses. Student groups should use the information on the card to determine how much disposable income (money available for spending after deductions for taxes and other obligations are met) they have left at the end of each month.

5. Distribute the life cards and budget sheets. Let students work on their budgets for the remainder of class and at home.

6. Regroup the class and discuss the budgeting process.

- ▶ Was it easy?
- ▶ What was challenging?
- ▶ What were some necessary sacrifices? What are the drawbacks to such sacrifices – e.g., did anyone go without Internet access, etc.?
- ▶ Are you making wise financial decisions? What might you do differently?

7. Next, turn the discussion toward a philanthropy angle.

- ▶ Would you have extra income to contribute to a charity? If so, how much?
- ▶ Could you donate vacation days? Why or why not?
- ▶ What are some non-monetary ways that you could contribute to a charity?
- ▶ In light of your situation, what are the benefits and the drawbacks of the different types of charitable giving outlined in the article?
- ▶ How did this exercise affect your attitude about education and income?

8. Finally, have students reread the article and revisit the three pre-reading questions. (1. What are some ways of contributing to charities? 2. Why do people engage in philanthropic behaviors? 3. Do you need to be financially "well off" to contribute?) Did students' answers/attitudes change? Is it necessary to budget in order to practice philanthropy?

### **Additional resources:**

- Jump\$art Coalition ([www.jumpstart.org](http://www.jumpstart.org)) is dedicated to teaching students about personal finance to prepare them for the future.
- The Cooperation for National and Community Service ([www.nationalservice.org](http://www.nationalservice.org)) helps individuals search for local and national service opportunities.

### **Activity extensions:**

- The situations that the students examined contained no information about saving for retirement. Have students research the different ways that workers can save for their retirement. What is the benefit of selecting a Roth IRA over a traditional 401(k)?
- Using the Department of Labor's Occupational Outlook Handbook ([www.bls.gov/oco](http://www.bls.gov/oco)), determine what you will earn at your ideal job, and plan a possible budget for your future.
- Find out about volunteer opportunities in your community. What prospects are there? What are the time commitments?
- As a class, plan a fundraiser for a charity. Create a budget and a project plan. Then, put your idea into action.

# Life Cards

## Education: Professional degree\*

**Job description:** You are an associate lawyer at a large law firm.

**Annual salary:** \$115,212\*

**Residence:** Own a condo.

**Monthly mortgage/rent:** \$2100

**Monthly bills:** Car payment: \$526

Car insurance: \$90

Gasoline: \$80

Electricity: \$56

Gas/Heat: \$74

Water/Sewer: \$41

Cell phone: \$49

Food: \$\_\_\_\_\_

**Optional:** Cable TV/Satellite: \$102

Internet: \$44

**Monthly debts:** Student loan: \$330

Credit card payments: \$156

Other: \$\_\_\_\_\_

## Education: Doctorate degree\*

**Job description:** You have a Ph.D. in chemistry and work for a pharmaceutical company.

**Annual salary:** \$88,471\*

**Residence:** Own a home.

**Monthly mortgage/rent:** \$1756

**Monthly bills:** Car payment: \$295

Car insurance: \$76

Gasoline: \$54

Electricity: \$86

Gas/Heat: \$109

Water/Sewer: \$33

Food: \$\_\_\_\_\_

**Optional:** Cable TV/Satellite: \$85

Internet: \$44

Cell phone: \$\_\_\_\_\_

**Monthly debts:** Student loan: \$255

Credit card payments: \$178

Other: \$\_\_\_\_\_

## Education: Master's degree\*

**Job description:** You have a master's degree in engineering and work for an aerospace company.

**Annual salary:** \$62,514\*

**Residence:** Apartment.

**Monthly mortgage/rent:** \$1425

**Monthly bills:** Car payment: \$388

Car insurance: \$78

Gasoline: \$96

Electricity: \$44

Gas/Heat: \$61

Water/Sewer: \$33

Food: \$\_\_\_\_\_

**Optional:** Cable TV/Satellite: \$55

Internet: \$44

Cell phone: \$\_\_\_\_\_

**Monthly debts:** Student loan: \$216

Credit card payments: \$88

Other: \$\_\_\_\_\_

## Education: Bachelor's degree\*

**Job description:** You have a bachelor's degree in finance and are an accountant at a local company.

**Annual salary:** \$51,206\*

**Residence:** Own a condo.

**Monthly mortgage/rent:** \$1156

**Monthly bills:** Car payment: \$450

Car insurance: \$110

Gasoline: \$123

Electricity: \$67

Gas/Heat: \$91

Water/Sewer: \$35

Food: \$\_\_\_\_\_

**Optional:** Cable TV/Satellite: \$59

Internet: \$44

Cell phone: \$\_\_\_\_\_

**Monthly debts:** Student loan: \$104

Credit card payments: \$108

Other: \$\_\_\_\_\_

\*Source: Census Bureau

# Life Cards

## Education: Associate's degree\*

**Job description:** You have an associate's degree in nursing and work as a lab technician.

**Annual salary:** \$35,958\*

**Residence:** Share an apartment with a roommate.

**Monthly mortgage/rent:** \$950 (\$475)

**Monthly bills:** Car payment: \$265

Car insurance: \$67

Gasoline: \$88

Electricity: \$76 (\$38)

Gas/Heat: \$88 (\$44)

Water/Sewer: \$40 (\$20)

Food: \$\_\_\_\_\_

**Optional:** Cable TV/Satellite: \$85 (\$42.50)

Internet: \$44 (\$22)

Cell phone: \$\_\_\_\_\_

**Monthly debts:** Student loan: none

Credit card payments: \$55

Other: \$\_\_\_\_\_

## Education: Some college, no degree\*

**Job description:** You went to a four-year college for two years, majored in English and never graduated.

**Annual salary:** \$29,533\*

**Residence:** Live with parents.

**Monthly mortgage/rent:** none

**Monthly bills:** Car payment: \$344

Car insurance: \$97

Gasoline: \$90

Electricity: none

Gas/Heat: none

Water/Sewer: none

Food: \$\_\_\_\_\_

**Optional:** Cable TV/Satellite: none

Internet: \$44

Cell phone: \$\_\_\_\_\_

**Monthly debts:** Student loan: \$112

Credit card payments: \$156

Other: \$\_\_\_\_\_

## Education: High school diploma/GED\*

**Job description:** You work as an assistant manager at a store in your local mall. You are married to your high school sweetheart who earns \$33,210 a year.

**Annual salary:** \$27,915\*

**Residence:** Apartment.

**Monthly mortgage/rent:** \$1025

**Monthly bills:** Car payment: \$365

Car insurance: \$67

Gasoline: \$88

Electricity: included in rent

Gas/Heat: included in rent

Water/Sewer: included in rent

Food: \$\_\_\_\_\_

**Optional:** Cable TV/Satellite: \$59

Internet: \$44

Cell phone: \$\_\_\_\_\_

**Monthly debts:** Credit card payments: \$47

Other: \$\_\_\_\_\_

## Education: High school drop-out\*

**Job description:** You dropped out of high school after your junior year and earn \$9.00 an hour working at a local factory.

**Annual salary:** \$18,735\*

**Residence:** Rent a house with three friends.

**Monthly mortgage/rent:** \$1200 (\$300)

**Monthly bills:** Car payment: \$222

Car insurance: \$78

Gasoline: \$102

Electricity: \$98 (\$24.50)

Gas/Heat: \$128 (\$32)

Water/Sewer: \$70 (\$17.50)

Food: \$\_\_\_\_\_

**Optional:** Cable TV/Satellite: \$105 (\$26.25)

Internet: \$44

Cell phone: \$\_\_\_\_\_

**Monthly debts:** Credit card payments: \$66

Other: \$\_\_\_\_\_

\*Source: Census Bureau

# Budget Sheet

Income	Monthly	Annual
Salary		
Other		
<b>Total income:</b>		
<b>Expenses Home</b>		
Mortgage/Rent		
Electricity		
Gas		
Water		
<b>Home expenses totals:</b>		
<b>Transportation</b>		
Car payment		
Insurance		
Estimated fuel costs		
<b>Transportation totals:</b>		
<b>Daily</b>		
Food		
Other (magazines, etc.)		
<b>Daily totals:</b>		
<b>Entertainment/Miscellaneous</b>		
Cable TV/Satellite		
Internet		
Other (e.g., cell phone)		
<b>Entertainment totals:</b>		
<b>Debts</b>		
Student loan		
Credit cards		
Other		
<b>Debt totals:</b>		
<b>Total expenses and debts:</b>		

Monthly income:	\$ _____
Minus monthly expenses and debts	\$ _____
Equals monthly disposable income	\$ _____

After all of your monthly financial obligations have been met, how much money do you have left over? What other expenses were not taken into consideration when planning this monthly budget (e.g., auto repairs, pets, clothes, etc.)? Would you have enough money at the end of each month to make a small contribution to a worthwhile organization? Why or why not? Would your schedule permit you to volunteer?