PERSONAL MANAGEMENT MERIT BADGE

2021

As taught by Eagle Scout Jared Schultz and recorded by James Schultz
Hi I’m Jared
Welcome to Personal Management

A word about the merit badge. This badge is not an easy, quick badge to earn. It is going to take a lot of work and time for two major reasons.
1. Requirement 2a takes 13 weeks to complete, so start that one immediately…today!
2. You will find that you know very little of the subject material. It is more “grown-upish”. Unless you know all about stocks, bonds, interest rates, credit cards....this one will take a lot of learning to complete.

This is a great badge though as it will teach you so much stuff that you will use in your near future once you get a job, start saving money, investing and paying for your own stuff. I used a lot of it while doing my Eagle Project.

As you do your research, take lots of notes and don’t be afraid to ask a parent or counselor for help understanding the material.

I will also try and help you along the way. So let’s get started. First let’s discuss how to do a merit badge.
EXAMPLE OF VERBS IN THE REQUIREMENTS

Requirement 1: Do the following:

a. **Choose** an item that your family might want to purchase that is considered a major expense.
b. **Write** a plan that tells how your family would save money for the purchase identified in requirement 1a.
1. **Discuss** the plan with your merit badge counselor
2. **Discuss** the plan with your family
3. **Discuss** how other family needs must be considered in this plan.
c. **Develop** a written shopping strategy for the purchase identified in requirement 1a.
1. **Determine** the quality of the item or service (using consumer publications or rating systems).
2. **Comparison shop** for the item. **Find** out where you can buy the item for the best price. (**Provide** prices from at least two different price sources.)
   **Call** around; study ads. **Look** for a sale or discount coupon. **Consider** alternatives. Can you buy the item used? Should you wait for a sale?

Verbs (what you are suppose to do) are noted in blue.

You and only you are responsible for your merit badge and what you learn...not your teacher, counselor, scout master or patrol. YOU!

How to do a merit badge (Helps section)

1. **Read** the entire section.
2. **Take** note of the “verbs” (commands) in each question.
3. **Do** what the verb says. If it says “list” then list. Don’t draw or describe. I have highlighted the verbs in the first requirement to the left as an example.
4. **Research** your answer fully. Don’t skimp here. Get help understanding the material before you try and answer the question.
   Gather data...good data.
5. **Re-read** the question before writing out your answer. Then **write**. When done, **read** your answer and **make** sure it answers the question. **Use** full complete sentences and thoughts.
6. **Practice** any skill that is required.
7. **Document** any “action” you take with pictures, pictures and more pictures. **Make** sure you are in them.
8. **Review** all of your material before going to a counselor to be checked off.
Requirement 1: Do the following:
a. Choose an item that your family might want to purchase that is considered a major expense.
b. Write a plan that tells how your family would save money for the purchase identified in requirement 1a.
   1. Discuss the plan with your merit badge counselor
   2. Discuss the plan with your family
   3. Discuss how other family needs must be considered in this plan.
c. Develop a written shopping strategy for the purchase identified in requirement 1a.
   1. Determine the quality of the item or service (using consumer publications or rating systems).
   2. Comparison shop for the item. Find out where you can buy the item for the best price. (Provide prices from at least two different price sources.) Call around; study ads. Look for a sale or discount coupon. Consider alternatives. Can you buy the item used? Should you wait for a sale?

I love to backpack and camp and I was in a bad need for a new lightweight sleeping bag. So I chose a sleeping bag as my “purchase...major expense.”
How do I plan on paying for this item...my sleeping bag?

How much can I earn this way?

Brainstorm how to pay for it

Get a job

Save all my Christmas/birthday money

I pay ½ and parents pay ½

Use Scout Bucks

Do a fund raiser

Sell some of my old toys

Mow lawns/shovel sidewalks

What is your item?

________

( sleeping bag)

How much does it cost? $120 for sleeping bag
Come up with a plan for “how I plan on pulling this off”.

First I needed to figure out what type of sleeping bag I wanted, the weight, what it was made of, style and then costs. Cabela’s seemed to be a good place to start looking and comparing.

I needed to compared prices to see if it fit my budget and payment plan that I set up with my parents.

Different sleeping bags are made of different types of insulation. Which one did I want? Hmm. If I buy this one, will I be sorry later (buyer’s regret) and wish I had bought a different one?

I picked this one. But is it the best price? When will it go on sale? Are there rebates on the web for it? Do I buy it now on impulse or do more research and buy it later?

Different sleeping bags have different comfort levels. How cold do I need to go? When will I be using it? Does it fit my needs?
What is your goal?
(What item do you want to buy?)

Write your plan.
Discuss with your counselor.
Discuss with your parents.
What is your purchasing strategy?
When purchasing an item, it is usually best to research your item first to find out if it fits the needs you have. Once that is determined then you move on to where you are going to purchase the item and the cost associated.

Go to the internet (with your parent’s permission).

Google your item: Look at many websites.

- XYZ sale
- XYZ cheapest price
- XYZ used
- XYZ for sale
- XYZ original website and look for vendors in your area. Then go to their webpage.

Keep a notebook of all of your information with the source included. Be sure and note if there is a shipping fee. If you want to find out what others are saying about your product, google:

- XYZ consumer reviews, consumer reports
- Amazon, your XYZ consumer reviews
- Magazines that deal with your product and their review of the product

I went to Backpacking magazine. They review equipment (gear guide) like sleeping bags. I got some good ideas from them.
Requirement 2: Do the following:

a. Prepare a budget reflecting your expected income (allowance, gifts, wages), expenses, and savings for a period of 13 consecutive weeks.

b. Compare expected income with expected expenses.

1. If expenses exceed budget, determine steps to balance your budget.
2. If income exceeds budget, state how you would use the excess money (new goal, savings).
3. Track and record your actual income, expenses, and savings for 13 consecutive weeks (the same 13-week period for which you budgeted). (You may use the forms provided in this pamphlet, devise your own, or use a computer-generated version.) When complete, present the records showing the results to your merit badge counselor.
4. Compare your budget with your actual income and expenses to understand when your budget worked and when it did not work. With your merit badge counselor, discuss what you might do differently the next time.

I’ve got the greatest mom and dad. After all that work, they bought me the sleeping bag for Christmas. I’m happy. Now I can save that money for a new bike.

Budget, budget, budget...how to do a budget?

Note: You do not have to buy the item for this merit badge. Buying is optional.
How do I balance what I earn, need and spend? It is so confusing. What does it all mean? I need help.

Allowance: an amount of money that is given to someone regularly or for a specific purpose.

Wages: a fixed regular payment, typically paid on a daily or weekly basis, made by an employer to an employee, especially to a manual or unskilled worker.

Savings: the money one has saved, especially through a bank or official scheme.

Income: money received, especially on a regular basis, for work or through investments.

Expenditures (expense): the cost required for something; the money spent on something.

Balance: the amount spend is equal to the amount earned.

Gifts: an item or money given to you without earning it.
Let’s prepare a budget.

Use the ones that are in your merit badge worksheets.

<table>
<thead>
<tr>
<th>Sample Budget Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Sources</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Allowance</td>
</tr>
<tr>
<td>Gifts</td>
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<tr>
<td>Wages</td>
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<tr>
<td>Other</td>
</tr>
<tr>
<td>Income Totals</td>
</tr>
<tr>
<td>Expenses</td>
</tr>
<tr>
<td>Savings-pay yourself 1st</td>
</tr>
<tr>
<td>Donations/Charity</td>
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<tr>
<td>Food/Meals out</td>
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<tr>
<td>Clothing</td>
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<tr>
<td>Entertainment/Movies</td>
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<tr>
<td>CDs/DVDs, etc.</td>
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<tr>
<td>Recreation</td>
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<tr>
<td>Sports/Hobbies</td>
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<tr>
<td>Travel</td>
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<tr>
<td>Books/Magazines</td>
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<tr>
<td>Gifts</td>
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<tr>
<td>Other:</td>
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<tr>
<td>Expense Totals</td>
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<tr>
<td>Income - Expenses</td>
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<tr>
<td>Week 1</td>
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<td>Week 2</td>
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<td>1/13</td>
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<td>1/14</td>
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<tr>
<td>Week 3</td>
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</tbody>
</table>

This is easier than I thought. The hard part is remembering to do it daily.
Ok, let’s see how we did. Did we save some $$ or spend too much or were we in balance?

I was able to save enough money in the end to buy a robotics kit. Here I am with my fellow scout Brandon doing our robotics merit badge. This budgeting stuff really works.

2b. Compare expected income with expected expenses.

<table>
<thead>
<tr>
<th>Expected income</th>
<th>Real income</th>
<th>Expected expenses</th>
<th>Real Expenses</th>
<th>Total +/-</th>
</tr>
</thead>
</table>

1. If expenses exceed income, determine steps to balance your budget.
2. If income exceeds expenses, state how you would use the excess money (new goal, savings).
There’s lot of thought, emotions, wants, dreams, pressure, advertising etc...that all go into influencing you to buy, buy...buy. Americans very often spend much more than they have by putting the payments on a credit card rather than paying cash. Many adults would benefit by being on a budget and not spending more than they have. Money doesn’t grow on trees ...even truffula trees.

When you buy on impulse things you don’t need...I call them “thneeds”

These “thneeds” you buy can have a huge impact on the environment and boy scouts try and protect the environment

Watch my movie, The Lorax on youtube. Watch the original 1972 version, not the new one. It is great. Watch it with the whole family. Google: the lorax 1972 youtube

And then ask, how does my spending on “thneeds” effect all of those around me?
Requirement 3: Discuss with your merit badge counselor FIVE of the following concepts:

a. The emotions you feel when you receive money.
b. Your understanding of how the amount of money you have with you affects your spending habits.
c. Your thoughts when you buy something new and your thoughts about the same item three months later. Explain the concept of buyer's remorse.
d. How hunger affects you when shopping for food items (snacks, groceries).
e. Your experience of an item you have purchased after seeing or hearing advertisements for it. Did the item work as well as advertised?
f. Your understanding of what happens when you put money into a savings account.
g. Charitable giving. Explain its purpose and your thoughts about it.
h. What you can do to better manage your money.

I hope you enjoyed my movie. What you do with your money, time, effort...does make a difference. Now look at the questions above and answer 5 of them on your own. Write a short essay on the ones you pick.

"UNLESS SOMEONE LIKE YOU CARES A WHOLE AwFUL LOT, NOTHING IS GOING TO GET BEtTER. IT'S NOT."

-THE LORAX
Ever notice that if you eat a candy bar...you want more? Or if you are hungry when you go shopping, you will buy more snack foods?

A scout is thrifty and reverent. Set aside some money to help others.

Ever ask for something for Christmas only because your best friend has one, and then a month later it sits in the closet and you wonder why you asked for it? That is called buyers remorse.
All my friends want gift certificates for their birthdays. Is that a good use of my money or should I just give cash?

Read the fine print!!

It will cost you $55 to get a $50 gift certificate...a loss of 10% of the value of your money.

No extra fees...good, but check, some have them.

This phone card is only good for 90 days and you lose all remaining minutes with no money refund.
Requirement 4: Explain the following to your merit badge counselor:

a. The differences between saving and investing, including reasons for using one over the other.
b. The concepts of return on investment and risk and how they are related.
c. The concepts of simple interest and compound interest.
d. The concept of diversification in investing.
e. Why it is important to save and invest for retirement.

I have some money left over from a home project I did. What should I do with it? Should I put it in a bank account and earn less than 2% but get compound interest or invest it in stocks/bonds and earn more, maybe get a dividend but be taking a risk of losing it all in the stock market? Maybe a savings bond with a guaranteed simple interest is best. This money stuff is tough to figure out.

When you do your Eagle Project, you will have to write a complete budget and keep track of every penny you spend. Sitting down for a coke at McDonald’s with your Eagle coach discussing finances, how to get donations and how to keep track of it all is very important. Personal Management MB will help you.
How does interest work?

Interest: money paid regularly at a particular rate for the use of money lent, or for delaying the repayment of a debt.

Compound interest: You put $1000 in the bank at 10% interest compounded yearly for 3 years.

Year 1: $1000 + 10% ($100) = $1100
Year 2: $1100 + 10% ($110) = $1210
Year 3: $1210 + 10% ($121) = $1331

Some lending institutions compound their interest yearly and others do it daily. This makes a big difference. Daily will pay you more back in the long run.

When you put money in the bank, the bank invests it and makes money on your money. They will also lend your money out to others and those people pay an interest on that money at a higher rate than the bank pays you. Out of the money the bank makes, they pay you an interest (%) which is less than what they make, so they make money.

Simple interest: You borrow $1000 from the bank at 10% interest per year for 3 years. How much do you pay?

Year one: 1000 x 10% = $100
Year two: 1000 x 10% = $100
Year three: 1000 x 10% = $100

Now when you pay it off you will owe: $1000 + $300 = $1300
Where can I invest my money?

- Gold and precious metals and gems
- To a friend
- Credit card rewards
- Certificates of deposit, CD
- Treasury inflated protected securities, TIPS
- Money market funds
- Municipal bonds
- US savings bonds
- Annuities
- Cash value life insurance
- Dividend paying stocks and mutual funds
- Preferred stocks
- Savings accounts in banks and credit unions
- EFTs
- Tin can buried in the back yard

Questions a broker will ask you…and you should ask yourself
- How much do you have?
- How much do you need to make to be ok?
- How much are you willing to risk...lose?
- When will you need to have the money back?
### Difference between Savings and Investment

<table>
<thead>
<tr>
<th>Difference</th>
<th>Savings</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning</td>
<td>Saving money means keeping aside a part of your income regularly in order to deal with unexpected expenses.</td>
<td>Investment means putting your saved money in various products in order to earn returns and grow your wealth.</td>
</tr>
<tr>
<td>Time</td>
<td>Savings are usually used to meet your short term needs. People save in order to deal with emergency situations and meet unexpected expenses.</td>
<td>However, investment generally entails a longer horizon of six months or more. It is designed to provide returns and grow your money over a period of time.</td>
</tr>
<tr>
<td>Risk and reward</td>
<td>savings stored in a safety vault are very safe, they will not generate any returns over the years. Even if money is kept in a savings account, it will provide a negligible rate of return.</td>
<td>money invested in various products like stocks, mutual funds, gold, etc. is subject to more risks, but has the potential to grow over time. If invested wisely, your money can grow manifold over years.</td>
</tr>
<tr>
<td>Liquidity</td>
<td>savings are the most liquid assets, as they can be accessed at any time.</td>
<td>It takes a few days for the money to reach your bank account after you decide to sell your investments.</td>
</tr>
</tbody>
</table>
**Risk** means you have the possibility of losing some, or even all, of your original investment. Low levels of uncertainty (low risk) are associated with low potential returns. High levels of uncertainty (high risk) are associated with high potential returns.

**Risk Vs. Return**

You cannot eliminate risk, but you can manage it by holding a diversified portfolio of stocks, bonds and other assets. The portfolio composition should be consistent with your financial objectives and tolerance for risk. Investment returns tend to be higher for riskier assets. For example, savings accounts, certificates of deposit and Treasury bonds have lower rates of return because they are safe investments, while long-term returns are higher for growth stocks and other riskier assets.
Diversification is the practice of spreading your investments around so that your exposure to any one type of asset is limited. This practice is designed to help reduce the volatility of your portfolio over time. ... One way to balance risk and reward in your investment portfolio is to diversify your assets.

One way to balance risk and reward in your investment portfolio is to diversify your assets. This strategy has many complex iterations, but at its root is the simple idea of spreading your portfolio across several asset classes. Diversification can help mitigate the risk and volatility in your portfolio, potentially reducing the number and severity of stomach-churning ups and downs. Remember, diversification does not ensure a profit or guarantee against loss.

Excellent website for all your answers
https://www.fidelity.com/learning-center/investment-products/mutual-funds/diversification#:~:text=Diversification%20is%20the%20practice%20of%20spreading%20your%20investments%20around%20so%20that%20your%20exposure%20to%20any%20one%20type%20of%20asset%20is%20limited.%20This%20practice%20is%20designed%20to%20help%20reduce%20the%20volatility%20of%20your%20portfolio%20over%20time.%20...%20One%20way%20to%20balance%20risk%20and%20reward%20in%20your%20investment%20portfolio%20is%20to%20diversify%20your%20assets.
Requirement 5: Explain to your merit badge counselor what the following investments are and how each works:

- Common stocks
- Mutual funds
- Life insurance
- A certificate of deposit (CD)
- A savings account
- A U.S. savings bond
Common Stock Definition
Securities representing equity ownership in a corporation, providing voting rights, and entitling the holder to a share of the company's success through dividends and/or capital appreciation. In the event of liquidation, common stockholders have rights to a company's assets only after bondholders, other debt holders, and preferred stockholders have been satisfied. Typically, common stockholders receive one vote per share to elect the company's board of directors (although the number of votes is not always directly proportional to the number of shares owned).

Read more: http://www.investorwords.com/986/common_stock.html#ixzz4Sa5yOFY1

What is Savings Account?

- A deposit account held at a bank or other financial institution that provides principal security and a modest interest rate.
- Depending on the specific type of savings account, the account holder may not be able to write checks from the account.
- Savings account funds are considered one of the most liquid investments outside of demand accounts and cash.
Life Insurance

The client funds the policy for certain number of years and the growth in the cash value will eventually negate the need for additional premiums. At retirement the client can withdraw cash as a tax-free loan for retirement. The loans never need to be repaid and the only consequence is a reduced death benefit.

CD

Certificate of Deposit (CD) A certificate of deposit, or CD, is a common financial product sold by banks, thrift organizations and credit unions. CDs are different from traditional savings accounts in several ways, but mainly in that a CD is what's called a timed deposit. Whereas with a savings account you can deposit and withdraw funds relatively freely, with a CD you agree to keep your money there for a set period of time, called the “term length.”

U.S. Savings bonds are debt securities issued by the U.S. Department of the Treasury to help pay for the U.S. government's borrowing needs. U.S. savings bonds are considered one of the safest investments because they are backed by the full faith and credit of the U.S. government.
<table>
<thead>
<tr>
<th>Investment type</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stocks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Insurance</td>
<td></td>
<td>Do some research on the web to find this information.</td>
</tr>
<tr>
<td>Certificate of Deposit CD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings Account or U.S. Savings Bond</td>
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</tbody>
</table>
Requirement 6: Explain to your counselor why people might purchase the following types of insurance and how they work:

a. Automobile
b. Health
c. Homeowner's/renter’s
d. Whole life and term life

I thought buying a car was going to be my “ticket to freedom” but boy was I surprised!!
First there was the price of the car, then it needed new tires, an oil change and some small stuff. Then the gas was $239/gal., licensing tabs every year and then… whoa… insurance!! Even though my grades are fantastic, I am male and a teenager, so my insurance premium is pretty high. All of this needs to go into my budget for the year, which means I need to work more. What happened to all that “freedom” I dreamed of?

What is insurance? It is a practice or arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.

In a nutshell, an insurance premium is the payment or installment you agree to pay a company in order to have insurance.
In life, unplanned expenses are a bitter truth. Even when you think that you are financially secure, a sudden or unforeseen expenditure can significantly hamper this security. Depending on the extent of the emergency, such instances may also leave you debt-ridden. While you cannot plan ahead for contingencies arising from such incidents, insurance policies offer a semblance of support to minimise financial liability from unforeseen occurrences. There is a wide range of insurance policies, each aimed at safeguarding certain aspects of your health or assets.

Check out this website. It will explain the types and why they are important and how they work.

https://www.godigit.com/guides/types-of-insurance
Requirement 7: Explain to your merit badge counselor the following:

a. What a loan is, what interest is, and how the annual percentage rate (APR) measures the true cost of a loan.
b. The different ways to borrow money.
c. The differences between a charge card, debit card, and credit card. What are the costs and pitfalls of using these financial tools? Explain why it is unwise to make only the minimum payment on your credit card.
d. Credit reports and how personal responsibility can affect your credit report.
e. Ways to reduce or eliminate debt.

WOW! It's magic. I stick a piece of plastic in this machine, and it gives me a bunch of money. Wait a second...there has to be a catch here somewhere.

A charge card, Debit card or Credit card... which is the best way to go? Or is it wise to just pay cash for everything? Hmmm!
A loan is simply borrowed money that must be paid back sometime in the future. Usually associated with loans is interest. That is the money you have to pay to borrow the money. We have already talked about that earlier.

Say you don’t have enough money to buy a bike. You can borrow the money and pay it back in instalments. If there is interest involved, you will pay more than what the bike cost originally.

Where can you get a loan?

Friend, Parent, Bank, Credit Union, Lending Agents, Lending Clubs, Credit Card

I just looked it up on the web for you. It said before taking out a loan, check the APR. This will tell you the true amount you will pay for the loan.

The annual percentage rate (or APR) is the amount of interest on your total loan amount that you'll pay annually (averaged over the full term of the loan). A lower APR translates to lower monthly payments. (You'll see APRs alongside interest rates in today's mortgage rates.)

Google: What is APR
How much will that house cost you?.....Mortgages.

Homeowners report the average cost to build a new house comes in at $305,372, which would put a 2,000 square foot home costing about $150 per square foot.

So you want to buy/build a $305,000 house. Do you have that much in cash? Most people don’t even come close so they go to their bank and take out a loan.

What you need is a mortgage!
You ask for a 10 year fixed rate mortgage at 3.5%. At that rate you will pay 120 payments of $3016.02/month. Wow...that’s a lot. Can’t afford that you say? You also want to eat and go to a movie? You may want a 30 year fixed mortgage at 3.5% At that rate you will pay 360 payments of $1369.59/month. So you believe you can afford that cost (and still eat) and sign for the loan. Congratulations! You are now in debt.

What are your costs for this house?

<table>
<thead>
<tr>
<th></th>
<th>pay-out cost</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original cost:</td>
<td>$305,000</td>
<td>($0) for cash</td>
</tr>
<tr>
<td>10 yr. mortgage:</td>
<td>$361,922</td>
<td>(+$56,922)</td>
</tr>
<tr>
<td>30 yr. mortgage:</td>
<td>$493,052</td>
<td>(+$188,052)</td>
</tr>
</tbody>
</table>

You also have a car loan, boat loan, school loan, credit card bill, charge cards...and they are all charging you interest. Hmmmm...time to go on a budget to reduce the interest.
How to buy a loaf of bread at the grocery store. Let’s go shopping.

I love bread, but how am I going to pay for all this. Can someone please get my credit card out for me? Wait...do I have one? Do I want one? Why do I eat so much?

Think of a Debit card like this milk container. The jug is your bank account. When you use your debit card it is like drinking the milk directly from the jug. When it is gone, it is gone.

Debit cards take money directly out of your account. You can’t over spend or go into debt.

Credit cards use a line of credit. You are borrowing money from the company and they charge huge amounts of interest...17%+. Always try to pay it back in full within the first month (and then its free). It is a very easy way to get far into debt.
Let’s take a closer look at Credit Cards and Charge Cards.

Real World Examples
Suppose when you’re 18, you charge $1,500 worth of clothes and DVDs on a credit card with a 19 percent interest rate. If you repay only the minimum amount each month, and your minimum is 4 percent of the outstanding balance (the lowest amount permitted by some issuers), you’ll start with a $60 payment. You’ll be more than 26 years old by the time you pay off the debt. That’s 106 payments, and you will have paid more than $889 extra in interest. And that’s if you charge nothing else on the card, and no other fees are imposed (for example, late charges).

If your minimum payment is based on 2.5 percent of the outstanding balance, you’ll start with a $37.50 payment. You’ll be over 35 years old when you pay off the debt. That’s 208 payments, and you will have paid more than $2,138 in interest, even if you charge nothing else on the account and have no other fees.

Charge cards work pretty much the same way as Credit Cards.

Start: $1500, pay minimum of $60/month = 8 years of payments and you have paid $889 extra in interest.

This does not include any extra charges like: over limit fees, returned cheque fees, cash advances, membership fees...

Start: $1500, pay minimum of $37.50/month = 17 years of payments and you have paid $2138 extra in interest.

Latest technology allows you to charge with just the wave of your smart phone.
Credit Score...what are they and why are they important.

A **credit score** is a numerical expression based on a level analysis of a person's credit files, to represent the **creditworthiness** of the person. A credit score is primarily based on a **credit report** information typically sourced from **credit bureaus**. Lenders, such as **banks** and credit card companies, use credit scores to evaluate the potential risk posed by lending money to consumers and to mitigate losses due to **bad debt**. Lenders use credit scores to determine who qualifies for a loan, at what **interest rate**, and what credit limits. Lenders also use credit scores to determine which customers are likely to bring in the most revenue. The use of credit or **identity scoring** prior to authorizing access or granting credit is an implementation of a **trusted system**.

Information about you and your credit experiences, like your bill-paying history, the number and type of accounts you have, whether you pay your bills by the date they’re due, collection actions, outstanding debt, and the age of your accounts, is collected from your credit report. Using a statistical program, creditors compare this information to the loan repayment history of consumers with similar profiles. For example, a credit scoring system awards points for each factor that helps predict who is most likely to repay a debt. A total number of points — a credit score — helps predict how creditworthy you are: how likely it is that you will repay a loan and make the payments when they’re due.

To order your **free annual credit report** from one or all of the national credit reporting companies, and to purchase your credit score, visit [www.annualcreditreport.com](http://www.annualcreditreport.com), call toll-free 877-322-8228, or complete the [Annual Credit Report Request Form](#) and mail it to:

Annual Credit Report Request Service
P. O. Box 105281  Atlanta, GA 30348-5281

Ever wonder how a lender decides whether to grant you credit? For years, creditors have been using credit scoring systems to determine if you’d be a good risk for credit cards, auto loans, and mortgages. These days, other types of businesses — including auto and homeowners insurance companies and phone companies — are using credit scores to decide whether to issue you a policy or provide you with a service and on what terms. A higher credit score is taken to mean you are less of a risk, which, in turn, means you are more likely to get credit or insurance — or pay less for it.
Requirement 8: Demonstrate to your merit badge counselor your understanding of time management by doing the following:

a. Write a "to do" list of tasks or activities, such as homework assignments, chores, and personal projects, that must be done in the coming week. List these in order of importance to you.

b. Make a seven-day calendar or schedule. Put in your set activities, such as school classes, sports practices or games, jobs or chores, and/or Scout or church or club meetings, then plan when you will do all the tasks from your "to do" list between your set activities.

c. Follow the one-week schedule you planned. Keep a daily diary or journal during each of the seven days of this week's activities, writing down when you completed each of the tasks on your "to do" list compared to when you scheduled them.

d. With your merit badge counselor, review your "to do" list, one-week schedule, and diary/journal to understand when your schedule worked and when it did not work. Discuss what you might do differently the next time.
I fill out a schedule every weekend. I am so busy it is hard to keep everything straight without it. Now that I am the SPL for the troop, my time has become even more scheduled and precious.

Ever since elementary school you have been given and taught how to use a daily planner.

<table>
<thead>
<tr>
<th></th>
<th>Jan. 1-8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S  M  T  W  TH  F  Sa  S</td>
</tr>
<tr>
<td></td>
<td>1  2  3  4  5  6  7  8</td>
</tr>
</tbody>
</table>

**This week’s tasks:**

**Short term tasks**

**Long term tasks**

<table>
<thead>
<tr>
<th></th>
<th>School tasks</th>
<th>Scout tasks</th>
</tr>
</thead>
</table>

Include in your daily planner: athletic events, practices, birthdays, days off, homework, chores, scouts, church, friends, and all other events that take up your time. Don’t forget to schedule...free time.
<table>
<thead>
<tr>
<th>“To do tasks</th>
<th>When? Time</th>
<th>Day 1-M</th>
<th>Day 2-T</th>
<th>Day 3-W</th>
<th>Day 4-T</th>
<th>Day 5-F</th>
<th>Day 6-S</th>
<th>Day 7-S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practice piano</td>
<td>Every day</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bring out garbage</td>
<td>Tues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do dishes</td>
<td>M, W, F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan party</td>
<td>W</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean rec room</td>
<td>Sat</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boy Scout preparation</td>
<td>Sun</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overnight with friends</td>
<td>F-S</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Review your "to do" list, one-week schedule, and diary/journal to understand when your schedule worked and when it did not work. With your merit badge counselor, discuss and understand what you learned from this requirement and what you might do differently the next time.

I think it’s time to take a break and go get a snack... see ya.
Requirement 9: Prepare a written project plan demonstrating the steps below, including the desired outcome. This is a project on paper, not a real-life project. Examples could include planning a camping trip, developing a community service project or a school or religious event, or creating an annual patrol plan with additional activities not already included in the troop annual plan. Discuss your completed project plan with your merit badge counselor.

a. Define the project. What is your goal?
b. Develop a timeline for your project that shows the steps you must take from beginning to completion.
c. Describe your project.
d. Develop a list of resources. Identify how these resources will help you achieve your goal.
e. Develop a budget for your project.

A goal without a plan is just a day dream!!

Brainstorm ideas for your project
Find a project you are interested in and then set your goal. Make sure it is a SMART goal.

Use SMART goals in school, at work... anywhere you want to be successful... like maybe your Eagle Project.
An Eagle Project is an excellent example of Requirement 9 in action. Learn how to do it now and when you have to do your Eagle Project, it will be much easier.

My smart goal for my project: Build 24 bluebird houses and place them at a nature center.

I sat down with my counselor many times and came up with a plan.

Set up a calendar of when things were to be done

Wrote up a budget and a plan to obtain funds

Defined the project, the who, what, where, when, how and why.

Organized my workers

Contacted the nature center and met with the head of the Parks

Met with the people who would build the houses

Met with my donors

Got the money, bought supplies, built houses and put them up.
Requirement 10: Do the following:
a. Choose a career you might want to enter after high school or college graduation. Discuss with your counselor the needed qualifications, education, skills, and experience.
b. Explain to your counselor what the associated costs might be to pursue this career, such as tuition, school or training supplies, and room and board. Explain how you could prepare for these costs and how you might make up for any shortfall.

You need to do this one on your own. Make sure it is OK with your parents to surf the web for your career choice. Look at a couple of sources and then write a couple of paragraphs on what you learned.

This is how my dad taught me to save money… I would take used peanut butter jars, clean them out and label them with whatever it was that I was trying to save money for. When I got some money, I divided it between the jars. One jar could not borrow from another jar. I had one jar for my bike, another for games, another for "general fund", another…. I learned to manage my money well this way. It also kept me from spending money on “thneeds” and impulse buying.

Computer Research Time
Congratulations...
You did it. You’re one more merit badge closer to Eagle. Now how about Backpacking or Hiking Merit Badge? Anyone?