**Rich Kid Smart Kid Games Game Four: Jesse’s Big Change**

**Topic: Rat Race or Fast Track**

# Grade Level: 9-12

## Interactive Internet Game Activity

As Jesse continues to buy more stuff, he realizes that he will need to make more money. So, he learns very quickly that instead of working hard to earn money, he wants to make his money do all the hard work. Brian’s story will tell you how he made this happen.

## Learning Objectives

* Understand assets, liabilities and expenses
* Record information on income statements and balance sheets
* Brainstorm opportunities to make money work for you

## Assessments

Students will: (1) interpret financial information for entry on income statements and balance sheets, (2) analyze the financial impact of assets, liabilities and expenses as presented on financial statements and (3) design a plan from financial success by making your money work for you.

## Classroom Activities

Rat Race or Fast Track – Learning the Fast Track at Fourteen Years Old: A True Story – Have the students read Brian’s story. Then, go back through the narrative and explain Brian’s financial statements. It will be important for students to understand the entries for the other activities.

Building Brian’s Financial Statements: Rat Race to Fast Track – You can engage students in this activity in a variety of ways. It can be used as an individual, small group or class activity. At first you may want to walk students through the beginning transactions to help them better understand how to record the entries. Then, work through the #2, #3, #4 and #5 activities.

## Class Discussion Questions

1. What interests do you have that could turn into an opportunity to make your money work for you?
2. What can happen to make liabilities become assets?
3. Do you know anyone who is stuck in the rat race? What put him/her in the rat race?
4. Do you know anyone who is on the fast track?

 What put him/her on the fast track?

**Overview**

# Rat Race or Fast Track

***Learning the Fast Track at Fourteen Years Old: A True Story***

Brian came to his dad and said he wanted new golf clubs. Normally, his dad would have told him to save his allowance until he had enough to buy them. But this time Brian’s dad decided to use this as an opportunity to teach Brian how to have money work for him.

So Brian’s dad told him to go around the neighborhood and look for jobs that needed to be done. Brian took the challenge and was excited about starting his own business, something on his own rather than asking his dad for the money. So he went out and mowed lawns for the summer and soon had $500, which would have more than paid for his clubs. But the lesson was just beginning.

Next, Brian’s dad took him down to a stockbrokerage company and had Brian use $100 to buy a high growth mutual fund. His dad explained to Brian that this was money for his college education. Brian had $400 left, still enough to buy the golf clubs, but the lesson continued.

Brian’s dad took the $400 and told Brian he would hold it until Brian found an asset the would buy the golf clubs for him. As you can imagine, Brian was angry, but only for a while. He soon realized what his dad was trying to teach him. His dad did not want Brian to spend his hard-earned money on golf clubs. He wanted Brian to have the golf clubs *and* keep the money.

So after Brian had searched the want ads and talked to the pros at the golf club he came back to his dad with a plan. Brian had found two candy vending machines for sale and got permission to place them in the golf shop. The machines and a supply of candy and nuts cost Brian $350. After just two months he had made more than enough money to buy his golf clubs and had a steady income from his assets, his six machines.

Six Machines? Yes, as soon as Brian realized that his machines were assets, he went out and bought more machines. Now his college fund is increasing steadily, his candy machines are increasing, and he has the time and money to play all the golf he wants because he does not have to work hard for money, money is working hard for him.

**Building Brian’s Financial Statements**

**Rat Race to Fast Track**

 *Use Brian’s Story Workbook to complete this activity. The first one is done for you. The activity goes under the heading; the adjacent column is the balance.*

### 1. Beginning Transactions

|  |  |
| --- | --- |
| **Item**  | **Action**  |
| Saves $500 from mowing lawns.  | Add $500 to Assets: Savings  |
| Invests $100 from his savings into College Fund.   | Subtract $100 from Assets: Savings Add $100 to Assets: College Fund  |
| Buys 2 vending machines and supplies for $350.  | Subtract $350 from Assets: Savings Add $350 to Assets: Vending Machines  |

### 2. Next Two Months’ Transactions

|  |  |
| --- | --- |
| **Item**  | **Action**  |
| Sells $330 of candy & nuts  | Add $330 to Income: Vending Machines  |
| Pays $30 for candy & nuts sold  | Add $30 to Expense: Candy & Nuts  |
| Pays himself salary of $100  | Add $100 to Expense: Salary  |
| Invests $100 into college fund  | Add $100 to Expense: College Fund Add $100 to Asset: College Fund  |
| Puts $100 into savings account  | Add $100 to Expense: Savings Add $100 to Asset: Savings  |
| Buys 4 vending machines for $650, $100 down + $550 loan  | Subtract $100 from Asset: Savings Add $550 to Liability: Vending Machines Add $650 to Asset: Vending Machines  |

**3.** Next Twelve Months’ Transactions

|  |  |
| --- | --- |
| **Item**  | **Action**  |
| Sells $6000 of candy & nuts  | ?  |
| Pays $1250 for candy & nuts sold  | ?  |
| Pays himself salary of $700  | ?  |
| Invests $3000 into college fund  | ?  |
| Puts $500 into savings account  | ?  |
| Pay off $550 loan  | ?  |
| College Fund investment grows  | Add $350 to Asset: College Fund  |