



CAREER CLUSTER

Finance

INSTRUCTIONAL AREA

Financial Analysis

**FINANCIAL SERVICES
TEAM DECISION MAKING EVENT**

PARTICIPANT INSTRUCTIONS

- The event will be presented to you through your reading of the 21st Century Skills, Performance Indicators and Case Study Situation. You will have up to 30 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge), followed by up to 5 minutes to answer the judge's questions. All members of the team must participate in the presentation, as well as answer the questions.
- Turn in all of your notes and event materials when you have completed the event.

21st CENTURY SKILLS

- Critical Thinking – Reason effectively and use systems thinking.
- Problem Solving – Make judgements and decisions, and solve problems.
- Communication and Collaboration – Communicate clearly and show evidence of collaboration.
- Creativity and Innovation – Show evidence of creativity.

PERFORMANCE INDICATORS

- Explain the nature of financial needs (e.g. college, retirement, wills, insurance, etc..)
- Set financial goals.
- Describe types of financial-services providers.
- Discuss considerations in selecting a financial-services providers.
- Explain types of investments.
- Describe the concept of insurance.
- Explain the need to save and invest.

CASE STUDY SITUATION

You are to assume the roles of financial planners for FIRST GOAL BANK. The vice president of the bank (judge) has asked you to prepare a presentation for parents at the local middle school about finances to include goal setting. The vice president of the bank (judge) feels like this will be a great opportunity for the bank to gain new clients.

The vice president (judge) has put together topics that should be discussed during your presentation to the middle school parents. The topics to discuss are as follows:

- Financial needs (e.g. college, retirement, wills, insurance, etc.).
- Setting financial goals
- The four types of financial-services providers
- Considerations in selecting a financial-service provider
- The four types of investments
- The concept of insurance
- The need to save and invest

You will present the information to the vice president (judge) in a small training room at FIRST GOAL BANK. The vice president (judge) will begin the meeting by greeting you and asking to hear your ideas. After you have finished the presentation and answered the vice president's (judge's) questions, the vice president (judge) will conclude the meeting by thanking you for your work.

JUDGE'S INSTRUCTIONS

You are to assume the role of vice president for FIRST GOAL BANK. You have asked two of the bank's financial planners (participant team) to prepare a presentation for parents at a local middle school about finances to include goal setting. You feel like this will be a great opportunity for the bank to gain new clients.

You have put together topics that should be discussed during the presentation to the middle school parents. The topics to discuss are as follows:

- Financial needs (e.g. college, retirement, wills, insurance, etc.).
- Setting financial goals
- The four types of financial-services providers
- Considerations in selecting a financial-service provider
- The four types of investments
- The concept of insurance
- The need to save and invest

The financial planners (participant team) will present the information to you in a small training room at FIRST GOAL BANK. Once the financial planners (participant team) have finished the presentation you will ask the following questions of each participant group:

1. Why should kids as young as middle schoolers open a savings account?
2. What is the difference between a checking account and savings account?

Once the financial planners (participant team) have answered your questions, you will conclude the meeting by thanking them for their work.

You are not to make any comments after the event is over except to thank the participants.

SOLUTION

1. Explain the nature of financial needs (e.g. college, retirement, wills, insurance, etc.)

One aspect of developing a financial plan is to know the difference between your needs and your wants. Furthermore, you need to prioritize your needs and wants as you set your financial goals. As you do so, keep in mind your attitude toward money and ask yourself if something is more important to spend money on now or to save for the future.

Having choices with money comes with a cost and with risk. Opportunity cost is the tradeoff of giving something up when choosing one thing over another. Financial risks that you should consider include the risks of inflation, rising or falling interest rates, loss of income, and liquidity. Liquidity is the ability to convert assets into cash without loss of value.

2. How to Set Financial goals:

There are 5 main steps to setting financial goals:

1. Identify your financial goals – Set your goals based on short term(0-3 years), midterm (3-7) and long term goals (over 7 years). Prioritize your goals in the need of importance.
2. Calculate your net worth – Determine the amount of resources that you own (assets) and the amount of money that you owe (liabilities).
3. Identify your sources of income – Look at the resources that you have to achieve your goals and plan for expenses that may come up. With this you will now need to actually create a working monthly budget.
4. Assess your resources – Assess all of your other resources. Savings and insurance policies that can protect you if any unplanned events occur. Making sure that you set aside a fund that covers at least three to six months of basic living expenses to offset such events as sick leave, unemployment or unexpected bills.
5. Save for goals – Identify the gaps between your financial goals and all your available resources. Now, you can start combining the two together.

3. Describe four types of financial-services providers (participants can describe any four):

Commercial Banks – Banks that take in deposits from people who want to save their money or keep in a safe place.

Thrifts - they specialize in savings accounts and real estate financing.

Credit Unions – Financial institutions that are formed by and organized group of people with a common bond such as the one that exist between teachers, government or industry employee, or even people living in a certain geographical locations. They are not-for-profit cooperatives that are owned by its members.

Insurance Companies – Designed to protect individuals and businesses from risk. They are considered financial providers because they invest the money they collect as premiums from their policy holders. They can also sell investments like annuity.

Mutual Funds – Professional managed Investment Company that pools money from investors and invest the money into stocks, bonds, or other securities. Mutual funds allow people with small amounts of money to diversity their investments.

Pension funds – workplace plans designed to provide income when employees retire.

Alternative Financial Providers – Check cashing outlets, payday loan stores, pawnshops and money-transfers stores which normally have above-average fees and interest rates.

4. Discuss considerations in selecting a financial-service provider:

There are several considerations that you can take to choose a financial-service provider:

Security of funds – Make sure that any bank or credit union is insured by the Federal Insurance Corporation (for banks) or by the National Credit Union Association (for credit unions).

Fees – Make sure that the organization charges realistic fees and that the institution does not charge for any basic account transactions (fees like monthly maintenance fees, per check fees, fees for talking to a representative).

Ease of deposit – Make sure that the institution offers locations or online options which enable you to deposit freely.

ATM Fees – If you use an ATM frequently make sure that the fees are realistic and do not charge you high fees.

Interest rates – Interest rates work both ways: the rate to receive on your deposit and the rate the bank charges you when you borrow money. Find an account that pays higher-than-average interest on your deposits and charges lower-than-average interest on debts.

Availability of Funds – Look for banks that give an early release of active duty pay deposits.

Customer service – Make sure you when you have a problem or question, you can get in touch with someone fairly quick and easy.

Branch Availability – Access to an area that you can actually walk in and obtain quick service.

5. Explain four types of Investment (participant can explain any four)

Bonds – Can be group under the general category called fixed-income securities. When you purchase a bond, you are lending out money to a company or government. In return, they agree to give you interest on your money and eventually pay you back the money you lent out.

Stocks – Purchase a part of the business in fact you can be entitled to vote at the stockholders meeting and allows you to receive any profits that the companies allocates to its owners. These profits are known as dividends.

Mutual funds – collection of stocks and bonds. When you buy a mutual fund, you are pooling your funds together with a number of investors which enables you to pay a professional manager to select specific securities for you. Mutual funds are usually set up with a specific strategy in mind.

Options – This is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder). The contract offers the buyer the right, but not the obligation, to buy a security or other financial asset at an agreed-upon price during a certain period or certain time or date.

Futures – Futures are financial contracts obligating the buyer to purchase an asset or the seller to sell an asset, such as a commodity (gold, etc.) at a predetermined future date and price.

Real Estate Investments – purchasing a home or real estate investment trust (a pool commercial properties such as apartment complexes, hospitals, office buildings, timer land, warehouses, hotels or shopping mall)

6. Describe the concept of insurance

Insurance is an economic institution that allows the transfer of financial risk from and individual to a pooled group of risk by means of a two-party contract. The insurance party obtains a specified amount of coverage against an uncertain event for a smaller but certain payment. Insurers may offer fixed, specific coverage or replacement coverage which takes into account the cost of putting the event back to its condition before the loss occurred.

7. Explain the need to save and invest

Many people have future financial goals or needs (such as buying a car, having money set aside for special occasions or emergencies, buying a house or living comfortable in retirement) that can be planned or unplanned. Because there may be a gap between the person's income and cost of the planned or unplanned need, people need to save and invest so they are not in financial trouble.

ANSWERS TO JUDGE'S QUESTIONS

1. Why should kids as young as middle schoolers open a savings account?:

Answers will vary but should touch upon personal finance, fiscal responsibility and saving for future spending such as: a car, college, etc.

2. What is the difference between a checking account and savings account?

a. Checking Account – offers easy access to your money for daily transactions and helps keep your money secure. Customers can use a debit card or checks to pay bills.

b. Savings Account – A savings account allows you to receive interest on the funds you have saved for future needs. Interest rates can be compounded on a daily, weekly, monthly or annual basis. Savings account can vary from service fees, interest rates and interest calculations.

JUDGING THE PRESENTATION

Team members, assuming the role of a management team for the business represented, will analyze a case situation related to the chosen occupational area. The team will make decisions regarding the situation, and then make an oral presentation to the judge. The role of the judge is that of an executive for the business.

Participants will be evaluated according to the Evaluation Form.

Please place the name and identification number label on the Scantron sheet (unless it has already been done for you).

Participants will have a 30-minute preparation period and may make notes to use during the role-play.

During the first 10 minutes of the presentation (after introductions), the team will present their analysis, their decisions and the rationale behind the decisions. Allow the teams to complete this portion without interruption, unless you are asked to respond.

During the next 5 minutes, you may ask questions of the team to determine their understanding of the situation presented. Each member of each team should respond to at least one question. To ensure fairness, you must ask each team the same questions. After asking the standard questions, you may ask other questions for clarification specific to the current team.

After the questioning period, please thank the team and state that they will be notified of your decision soon. Then complete the Evaluation Form, making sure to record a score for all categories. The maximum score for the evaluation is 100 points. The presentation will be weighted at twice (2 times) the value of the exam scores.

A maximum score of “Exceeds Expectations” in any category means that, in your opinion, the information is presented effectively and creatively; nothing more could be expected of an employee.

A “Meets Expectations” rating means that the information is presented well. Though there may be a few minor problems or omissions, they are not significant. Creativity, however, is not shown to any great degree. A combined total score of 70 or better on the written and presentation sections will earn the participant team DECA’s Certificate of Excellence at the international conference.

A “Below Expectations” score means that the information presented does not meet minimum standards of acceptability.

A “Little/No Value” score means either that some major flaw has been noted that damages the effectiveness of the presentation (this may be a major omission, a serious misstatement or any other major flaw) or that the information presented is of no value (does not help the presentation at all).

We hope you are impressed by the quality of the work of these potential managers. If you have any suggestions for improving the event, please mention them to your series director.

We thank you for your help.



FINANCIAL SERVICES TEAM DECISION MAKING, 2017

Participant: _____

Participant: _____

JUDGE'S EVALUATION FORM
SAMPLE

I.D. Number: _____

INSTRUCTIONAL AREA:
Financial Analysis

Did the participant:

Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
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PERFORMANCE INDICATORS

1.	Explain the nature of financial needs (e.g. college, retirement, wills, insurance, etc.,).	0-1-2-3	4-5-6	7-8	9-10	
2.	Set financial goals.	0-1-2-3	4-5-6	7-8	9-10	
3.	Describe types of financial-services providers.	0-1-2-3	4-5-6	7-8	9-10	
4.	Discuss considerations in selecting a financial-services providers.	0-1-2-3	4-5-6	7-8	9-10	
5.	Explain types of investments.	0-1-2-3	4-5-6	7-8	9-10	
6.	Describe the concept of insurance.	0-1-2-3	4-5-6	7-8	9-10	
7.	Explain the need to save and invest.	0-1-2-3	4-5-6	7-8	9-10	

21st CENTURY SKILLS

8.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
9.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
10.	Communicate clearly and show evidence of collaboration?	0-1	2-3	4	5-6	
11.	Show evidence of creativity?	0-1	2-3	4	5-6	
12.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	

TOTAL SCORE