

THINGS TO DO

1 Warm Up

Discuss these questions with your classmates.

1. Do you have a monthly **budget**, or spending plan? How closely do you follow it?
2. What is your biggest **expense** each month?
3. Look at the pictures. Fill in the missing amounts on page 103.

2 Match

Match the words with the definitions.

- | | |
|------------------------|---|
| 1. <u>c</u> budget | a. a group of different unrelated items |
| 2. _____ expense | b. money that you owe |
| 3. _____ miscellaneous | c. a plan for spending money |
| 4. _____ debt | d. money that earns interest |
| 5. _____ investment | e. things that people do for fun |
| 6. _____ entertainment | f. something that you spend money on |

3 Decide

Study the monthly budget goals and actual spending of the Lee family. Then answer the questions.

1. In which categories did the Lees spend more than their goal?
2. Which of their budget goals did the Lees meet?
3. What could the Lees do to meet all of their budget goals? For example, in what categories could they try to spend less money? How?
4. How much will the Lees save this month for their vacation?

4 Listen 059

Check (✓) True or False.

- | | | | | | |
|----|-----------------------|----------------------------------|----|-----------------------|-----------------------|
| | True | False | | True | False |
| 1. | <input type="radio"/> | <input checked="" type="radio"/> | 4. | <input type="radio"/> | <input type="radio"/> |
| 2. | <input type="radio"/> | <input type="radio"/> | 5. | <input type="radio"/> | <input type="radio"/> |
| 3. | <input type="radio"/> | <input type="radio"/> | 6. | <input type="radio"/> | <input type="radio"/> |

1 Housing
Actual Spending: \$900



9 Transportation
Actual Spending: \$325



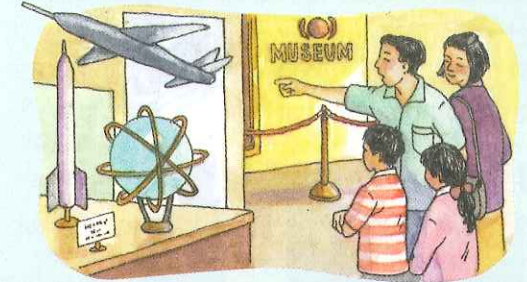
8 Food
Actual Spending: \$850



2 Savings & Investments
Actual Spending: \$300



3 Entertainment
Actual Spending: \$175



4 Utilities
Actual Spending: \$190



5 Debts
Actual Spending: \$120



7 Miscellaneous
Actual Spending: \$300



Work-Out CD-ROM
Unit 8: Plug in and practice!

6 Clothing
Actual Spending: \$130



The Lee Family's Monthly Budget: March

Monthly Budget Goals
(Lee Family)
Income after taxes \$3,500

	Goals	Actual Spending	Amount Over	Amount Under
1. Housing	\$900	\$900	_____	_____
2. Savings/Investments	\$300	\$300	_____	_____
3. Entertainment	\$150	_____	_____	_____
4. Utilities	\$150	_____	_____	_____
5. Debts	\$100	_____	_____	_____
6. Clothing	\$150	_____	_____	_____
7. Miscellaneous	\$400	_____	_____	_____
8. Food	\$800	_____	_____	_____
9. Transportation	\$300	_____	_____	_____
10. (Extra) Vacation Savings	_____	_____	_____	_____

THINGS TO DO

1 Warm Up

Discuss these questions with your classmates.

1. Read questions 1 to 9 on pages 104–105. Which question is the most interesting to you? Which is the least interesting?
2. What do you see in each picture?

2 Use the Vocabulary

Complete each sentence with a highlighted word from pages 104–105.

1. Because of _____, we are paying \$25.00 a month more for our groceries than last year.
2. I think that it's important to save money for retirement. I plan on _____ 10 percent of my income every year.
3. Don't rely on credit too much. It's easy to _____ your credit cards by using them for daily purchases.
4. My monthly spending _____ from month to month. It's never the same two months in a row.
5. The United States has a large _____. We spend much more than we make.
6. I had to pay a _____ on my credit card last month because I paid my bill late.
7. I pay a \$25 _____ every year to have a credit card.
8. I called a _____ because I had too much debt.

3 Summarize

Take turns asking and answering the questions on pages 104–105 with a partner. Use your own words to answer.

Example: Q: Are all credit cards the same?

A: No, they aren't. Credit cards have different annual fees and interest rates.

4 Evaluate

Work with a partner. Read about each person and answer the questions. Then share ideas with your classmates.

1. Carla always pays her credit card bill in full. Should she choose a no-fee card with 18 percent interest or a card with an annual fee of \$50 and a 15 percent interest rate? Why?
2. You are saving money to buy a house. Should you put your money in an IRA, a savings account, or a CD? Why?

Target Grammar

Present real conditionals
pages 184–185

1

Q: Are all credit cards the same?

A: Absolutely not. Some credit cards charge an **annual fee** while others do not. Some credit cards offer things like frequent flier miles. In addition, the interest rates **vary** from one card to another.



4

Q: What happens if you pay your credit card bill late?

A: You will be charged a **penalty fee**, which could be \$35 or more. In addition, your interest rate can go up even when you are late in paying other bills such as your utility bill.



7

Q: Where can I get help with credit problems?

A: A **credit counselor** will talk to you about ways to pay off your debt and lower the interest rates on your credit cards. You can find a counselor near you at the website for the National Foundation for Credit Counseling.



2

Q: If you make the minimum \$100 monthly payment on a \$5,000 credit card bill at 18 percent interest, how long will it take to pay off?

A: If you **carry** a \$5,000 **balance** and make the minimum payment, it will take more than 46 years to pay off your debt! You will also pay \$13,931 in interest. However, if you pay \$200 a month, you can pay off your debt in fewer than three years and pay \$1,314 in interest. If you **pay** your bill **in full**, you won't pay any interest at all.

Paying Off a \$5,000 Credit Card Bill

Pay \$100/month = 46 years = \$13,931 in interest

Pay \$200/month = 3 years = \$1,314 in interest

5

Q: Is it better to put your money in a savings account or to buy a **certificate of deposit (CD)**?

A: That depends on your needs. A CD is a special kind of savings account. It earns a fixed interest rate over a specific period of time. The interest rate is higher than a savings account, but you cannot use the money for a certain amount of time.

CERTIFICATES OF DEPOSIT		
WEEK OF 10 24		
\$ 1000 MIN. DEPOSIT		
	RATE	ANNUAL YIELD
3 MONTHS	2.60%	2.63%
6 MONTHS	3.20%	3.25%
1 YEAR	3.94%	4.00%
18 MONTHS	4.67%	4.75%
2 YEARS	4.67%	4.75%
30 MONTH	4.67%	4.75%
3 YEARS	4.67%	4.75%
MONEY MARKET		2.50%

8

Q: What is **inflation**?

A: Inflation is a continuous increase in the price of goods and services. As prices increase, the value of money goes down. For example, a coat that cost \$10 in 1914 would cost \$219 in 2010.

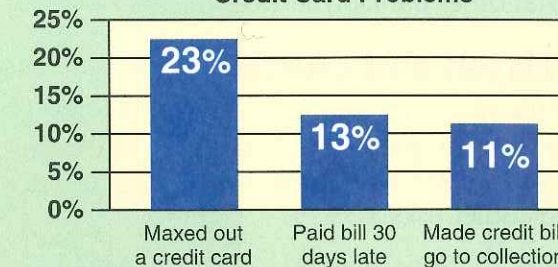


3

Q: What types of credit card problems do people have?

A: Credit card problems occur when you **max out** your credit card, or reach your spending limit. They also happen when you make a late payment or don't have enough money to pay your bill for a few months.

Americans with Credit Card Problems



6

Q: What are the advantages of **investing** in an **individual retirement account (IRA)**?

A: The money you invest in an IRA doesn't count as part of your income, so you don't have to pay taxes on it until you withdraw it. The purpose is to save it so you can use it after you retire.



9

Q: What is a **budget deficit**, and why do governments sometimes have them?

A: If you spend more than you earn, you have a budget deficit. Governments have budget deficits when they spend more money than they collect in taxes.



THINGS TO DO

1 Warm Up

Discuss these questions with your classmates.

1. What banking services do you see in the pictures?
2. What other banking services can you think of?

2 Listen and Check  060

Read the questions about Seattle Banking checking accounts and home loans on page 107. Then listen to a conversation between a bank officer and a customer. Check (✓) four questions the customer asks.

3 Listen and Take Notes  061

Listen again. Add the missing information to the chart on page 107.

4 True or False

Read each sentence. Check (✓) *True* or *False*. Use the information in the chart on page 107.

- | | True | False |
|--|-----------------------|-----------------------|
| 1. The Circle Account earns interest. | <input type="radio"/> | <input type="radio"/> |
| 2. The Basic Account provides free checks. | <input type="radio"/> | <input type="radio"/> |
| 3. If Sylvia has \$5,000 in her Circle Account, she won't have to pay a maintenance fee. | <input type="radio"/> | <input type="radio"/> |
| 4. Only the Circle Account provides a free ATM card. | <input type="radio"/> | <input type="radio"/> |
| 5. All three accounts provide free online banking. | <input type="radio"/> | <input type="radio"/> |
| 6. Sylvia needs \$50 to open a Green Checking Account. | <input type="radio"/> | <input type="radio"/> |

5 Role-Play  062

Listen. Role-play a conversation between a bank officer and a customer. Take turns asking and answering questions about banking services. Use the Communication Strategy in your conversation.

A: If I open a savings account, how much interest will I earn?

B: Was that a savings account?

A: Yes, that's right.

B: Two percent.

A: Did you say two percent?

B: Yes, that's correct.

Target Grammar

Future real conditionals
pages 186–187



COMMUNICATION STRATEGY

Repeating to Confirm

Misunderstandings can cause a lot of problems. To avoid this, it's important to confirm what you hear.

Did you say twenty-five dollars?

You said twenty-five dollars?

That was twenty-five dollars?

Was that twenty-five dollars?

I'd like to open a checking account.



Seattle Banking: Checking Accounts	Circle Checking Account	Green Checking Account	Basic Checking Account
1. How much money do I need to open a checking account? ✓	\$50		
2. Does this account earn interest? ○		No	
3. Will I be charged to use the ATM at other banks? ○			
4. Does this account provide free checks? ○			
5. How much is the monthly maintenance fee? ○			
6. How much do I have to keep in my account to avoid a monthly maintenance fee? ○		N/A	N/A
7. Does a free ATM or debit card come with this account? ○	Yes		
8. Does this account provide free online banking? ○			
9. Can I pay my bills online free of charge? ○			

Seattle Banking: Home Loans	20-Year Mortgage	30-Year Mortgage
1. What is the interest rate?		
2. How much would the interest be per year?		
3. How much is the monthly mortgage payment?		

1 Warm Up

Discuss these questions with your classmates.

1. What kinds of information appear on a pay stub?
2. What kinds of things are often deducted from a paycheck?

2 Check True or False  063

Listen to the statements about Osvaldo's pay stub. Check (✓) True or False.

- | | | | | | |
|----|----------------------------------|-----------------------|----|-----------------------|-----------------------|
| | True | False | | True | False |
| 1. | <input checked="" type="radio"/> | <input type="radio"/> | 5. | <input type="radio"/> | <input type="radio"/> |
| 2. | <input type="radio"/> | <input type="radio"/> | 6. | <input type="radio"/> | <input type="radio"/> |
| 3. | <input type="radio"/> | <input type="radio"/> | 7. | <input type="radio"/> | <input type="radio"/> |
| 4. | <input type="radio"/> | <input type="radio"/> | 8. | <input type="radio"/> | <input type="radio"/> |

ATWOOD INDUSTRIES

Employee: Osvaldo Vargas
 Social Security Number: 123-45-6789
 Pay Period Date: 3/1/12 to 3/15/12
 Check Date: 3/20/12

Check Number: 947930

PAY STUB

EARNINGS	Rate	Hours	This Period	Year-to-Date
	20.00	80	\$1,600.00	\$8,000.00
GROSS PAY			1,600.00	8,000.00
DEDUCTIONS				
Federal Income Tax			\$208.00	\$1,040.00
Social Security			176.00	880.00
Medicare			41.60	208.00
CA Income Tax			48.22	241.10
CA State Disability Ins.			22.40	112.00
Total Deductions			\$496.22	\$2,481.10
NET PAY			\$1,103.78	\$5,518.90

3 Apply

When you get a paycheck, it's important to check it carefully. Look at Osvaldo's pay stub on page 109. Fill in the missing numbers. You can look at the pay stub in Activity 2 to help you. Then compare ideas with your classmates.

ATWOOD INDUSTRIES

Employee: Osvaldo Vargas
 Social Security Number: 123-45-6789
 Pay Period Date: 3/16/12 to 3/31/12
 Check Date: 4/5/12

Check Number: 947941

PAY STUB

EARNINGS	Rate	Hours	This Period	Year-to-Date
	20.00	40	\$ _____	\$ _____
GROSS PAY			_____	_____
DEDUCTIONS				
Federal Income Tax			\$104.00	\$1,144.00
Social Security			88.00	
Medicare			20.80	228.80
CA Income Tax			24.11	
CA State Disability Ins.			11.20	123.20
Total Deductions			\$ _____	\$2,729.21
NET PAY			\$ _____	\$6,070.79

WINDOW ON MATH

Understanding Rates

A Read the information.

A **rate** is a comparison of two measurements that is expressed as a fraction, where the two measurements have different units, such as: \$30/5 hours.

A **unit rate** is the rate in which the bottom number (denominator) is 1: \$6/1 hour. You can convert a rate to a unit rate if you divide the top number (numerator) by the denominator: \$30 divided by 5 hours, or \$6 for 1 hour.

Example: *Tina was charged \$40 in bank fees on her checking account for the first four months of 2012. The rate was \$40/4 months. The unit rate was \$10 per month.*

B Change the following rates to unit rates.

1. \$5 for two hours: _____ per hour
2. 12 sick days per year: _____ per month
3. \$30 for six months: _____ per month
4. \$9 for three pounds: _____ per pound

C Read the information. Then answer the questions.

1. Henry is thinking of changing jobs. At his current job, he works 40 hours and earns \$500 a week. At his new job, Henry would work 40 hours a week and earn \$15 an hour. At which job would Henry make more money?
2. Paula drives to work every day. She notices that she can go about 500 miles on a tank of gas. Her tank holds 20 gallons. What is the unit rate?

IDENTIFYING THE ELEMENTS OF A STORY

There are six elements that are necessary to make a good story. These are:

Character: the actors in the story and what they are like

Setting: the place or places where the story happens

Plot: the events that happen in the story

Conflict: the problem

Climax: the turning point in the story when the reader wonders whether or not the conflict will be resolved

Resolution: the point at which the conflict is resolved

1 Practice the Strategy  064

Listen as you read the story on page 111. Then answer the questions.

1. Who are the two main characters in the story? _____

2. Write three adjectives to describe each of the two main characters.

Character	Adjectives
_____	_____
_____	_____

3. Where does the story take place? _____

4. Write four sentences to describe the main events of the story.

5. Which sentence describes the conflict of the story? Circle the correct answer.

- a. A mother and father die, and their sons find out that there is a bag of gold hidden in the house.
- b. When two brothers become wealthy, one brother gets greedy and wants to take his brother's gold.
- c. A mother and father die, and their sons have to steal gold because they can't afford to buy food.

6. In which paragraph does the climax happen? _____

7. Which sentence describes the resolution of the story? Circle the correct answer.

- a. An tricks Bao into giving away his gold.
- b. An and Bao beat up the kidnappers and keep the gold for themselves.
- c. An understands that his brother's love is more valuable than gold.

Two Brothers



- ① Once, a family lived in a small village near the woods—brothers An and Bao, their mother Lan, and their father Trung. One very cold winter, Lan and Trung became very sick, and they both died. The brothers were sad to lose their parents, and they cried for a month. But at the end of that month, their uncle came to see them.
- ② “An and Bao, your mother and father wanted you to value family and friendship more than wealth, so they lived a simple life without a lot of money,” the uncle said. “But they had a large bag of gold hidden under the fireplace. Now they’re gone, and the gold is yours—half for each of you.”
- ③ The brothers were very surprised. Bao sat staring at his uncle, but An ran to the fireplace and began digging up the dirt floor. After a few minutes, he found what he was looking for. The old and dirty bag was very large and very heavy.
- ④ “We’re rich!” he cried, his eyes as round as coins.
- ⑤ The uncle sighed. “Good luck to you both,” he said. Then he patted Bao’s shoulder, gave An a worried look, and left.
- ⑥ After that day, An could think about nothing but the gold. “If I had Bao’s gold too, I would be the richest man in the village,” he thought. So he made a plan to get his brother’s gold. He hid for two days in a neighboring village and asked a boy from the village to take a note to Bao. The note said that kidnappers had taken An and that they wanted both brothers’ gold.
- ⑦ When Bao received the note, he walked to the neighboring village with the gold. While An was waiting for Bao, he ate some berries he found in the woods. The berries made him feel ill. When Bao arrived, he saw that his brother was very sick. Bao knew that he had to get his brother back home quickly to take care of him. He couldn’t carry both his brother and the gold, so he left the gold and carried his brother 20 miles to their house.
- ⑧ After several weeks, An recovered. When he understood what had happened, he realized that his brother’s love was more important than any amount of money. After that day, the brothers went back to their simple way of life, and An never thought of the gold again.

Target Grammar
Present unreal conditionals
pages 188–189

USING TRANSITION WORDS AND PHRASES

Writers use transition words and phrases to show how the ideas in a paragraph are related. Below are some common transition words and phrases.

To add information	also and besides	further furthermore in addition	moreover too
To show the order of events or of importance	first second third	the most important the second most important the third most important	
To show cause and effect	as a result because consequently	due to for this reason since	so therefore thus
To give an example	for example for instance	like such as	
To show a contrast	although but conversely despite	even though however in spite of instead of	nevertheless on the other hand whereas yet

1 Practice the Skill

Circle the transition words and phrases in the paragraphs. In the chart, write the purpose of each transition word or phrase.

1. Early Greek coins were both useful and beautiful, and many cities competed to produce the most beautiful coins. The city of Corinth, for example, made silver coins with a picture of the winged horse Pegasus. Athens, on the other hand, made coins with gold and silver decorated with a picture of the Athenian owl.

Word/Phrase	Purpose
and	to add information

2. The rulers of countries quickly learned that having their faces on coins was a good form of advertising. The first ruler to do so was probably Ptolemy I of Egypt. Having their faces on coins, however, did not stop rulers from making the coins less valuable. The Roman emperor Nero, for instance, reduced the amount of silver in Roman coins and kept the money he saved for himself.

Word/Phrase	Purpose

3. Coins became impractical for trading because in large quantities they were very heavy. For this reason, paper money became common.

Word/Phrase	Purpose

4. Credit cards are useful for a number of reasons. Perhaps the most important reason is their convenience. When you have a credit card, you don't have to carry around cash. Despite their usefulness, credit cards can also cause problems. If you carry a balance on your credit card bill, you end up paying a lot of interest.

Word/Phrase	Purpose

2 Read and Respond

Complete the sentences with a transition word or phrase. More than one answer may be possible.

- The most important thing you can do is pay off your debts. The second most important thing is to start saving your money.
- You should put your money in a savings account _____ not touch it.
- _____ putting money into my bank account, I'm going to buy some stocks.
- We stopped driving so much _____ the increase in gasoline prices.
- When I was a teenager, I spent a lot of money on clothes. Nowadays, _____, I never buy expensive clothes.
- My wife started investing her money when she was in her 20s, and _____ she'll be able to retire by the time she is 50.
- _____ eating out a lot, I try to save money by eating at home.
- I never had any money when I was a child, and _____ I worry a lot about money now.
- I spend a lot of my money on entertainment every month. _____, I spend about \$60 a month on movies and \$50 on CDs.
- _____ I earn a good salary, I have a hard time saving money.
- I'm trying to save a lot of money for retirement. I put \$200 in a savings account every month. _____, I take advantage of the 401(k) provided by my company.
- _____ my sister is single and pays rent for a small apartment, I have three children and pay rent for a four-bedroom house. That's why my sister's monthly expenses are much lower than mine.

3 Write

Describe your spending habits in the past and today. Remember to collect ideas before writing and to write several drafts. Use transition words and phrases where appropriate.

1 Listening Review  065

Part 1

Listen to what is said. When you hear the question, *Which is correct?*, listen and choose the correct answer: A, B, or C. Use the Answer Sheet.

Part 2  066

First, you will hear a question. Next, listen carefully to what is said. You will hear the question again. Then, choose the correct answer: A, B, or C. Use the Answer Sheet.

Answer Sheet

- | | | | |
|----|-----|-----|-----|
| 1 | (A) | (B) | (C) |
| 2 | (A) | (B) | (C) |
| 3 | (A) | (B) | (C) |
| 4 | (A) | (B) | (C) |
| 5 | (A) | (B) | (C) |
| 6 | (A) | (B) | (C) |
| 7 | (A) | (B) | (C) |
| 8 | (A) | (B) | (C) |
| 9 | (A) | (B) | (C) |
| 10 | (A) | (B) | (C) |

2 Grammar Review

Circle the correct answer: A, B, or C.

- | | |
|---|---|
| 1. If Mary pays her credit card bill late, the bank _____ a late fee.
A. will charge
B. is charging
C. charged | 2. You _____ interest if you pay off your credit card bill.
A. aren't paying
B. won't pay
C. doesn't pay |
| 3. If we _____, we _____ late.
A. won't hurry / don't be
B. will hurry / don't be
C. don't hurry / will be | 4. If I save enough money, I _____ a vacation.
A. take
B. taking
C. am going to take |
| 5. If he _____ late this morning, I'll talk to him.
A. be
B. is
C. were | 6. Eric _____ the check if he goes to the bank today.
A. will deposit
B. deposits
C. is depositing |

2 Grammar Review (continued)

- | | |
|--|--|
| 7. We _____ you if we _____ your help.
A. will call / need
B. will call / will need
C. call / are going to need | 8. If I _____ twenty thousand dollars, I would buy a new car.
A. have
B. had
C. would have |
| 9. Jack _____ a computer class if his company paid for it.
A. would take
B. took
C. takes | 10. We _____ a new house if home prices _____ lower.
A. buy / would be
B. would buy / was
C. would buy / were |

LEARNING LOG 

I know these words:

NOUNS

- annual fee
- budget
- budget deficit
- certificate of deposit (CD)
- credit counselor
- debt
- entertainment

VERBS

- expense
- individual retirement account (IRA)
- inflation
- investment
- penalty fee

VERBS

- carry a balance
- invest
- max out
- pay in full
- vary

ADJECTIVES

- miscellaneous

I practiced these skills, strategies, and grammar points:

- | | |
|---|---|
| <input type="radio"/> budget planning | <input type="radio"/> identifying the elements in a story |
| <input type="radio"/> understanding financial terms | <input type="radio"/> using transition words and phrases |
| <input type="radio"/> comparing banking services | <input type="radio"/> using present real conditionals |
| <input type="radio"/> repeating to confirm | <input type="radio"/> using future real conditionals |
| <input type="radio"/> interpreting pay stubs | <input type="radio"/> using present unreal conditionals |
| <input type="radio"/> understanding rates | |

Work-Out CD-ROM

Unit 8: Plug in and practice!