

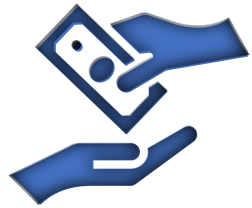
Financial Literacy with Mr. 401(k)
[‘FinLit with Mr. 401(k)’]
Winter Term 2023-2024
January 4, 2024

Owning and Owing Stuff

Class 11: Assets = The Stuff You Own



Recap: Important Financial Terms



Income

Making Money



Expenses

Spending Money



Profit (Loss)

= Income - Expenses



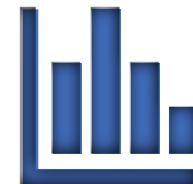
Assets

The Stuff You Own



Liabilities

The Stuff You Owe



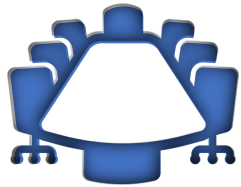
Equity

= Assets - Liabilities

Anything that can be
owned and has value

Asset

Any 'Entity' Can Own Assets



Corporations



Governments



People



Class Discussion

What are some examples of assets that people might own?

Examples of Assets



Cash

This includes physical cash, such as paper money and coins, as well as electronic forms of money, such as checking and savings accounts.



Investments

This includes stocks, bonds, exchange traded funds, mutual funds, and other financial instruments.



Intellectual Property

This includes intangible assets, such as trademarks, copyrights, and patents, that are created by the owner or inventor.



Property

This includes items that are owned for personal use or commercial use in business.



Real Estate

This includes land, apartments, factories, houses, office buildings, and other physical property.



Class Discussion

What are some things that people can own but do not have value?



Class Discussion

*Who establishes
whether
something has
value?*

Two (2) Types of Assets



Tangible

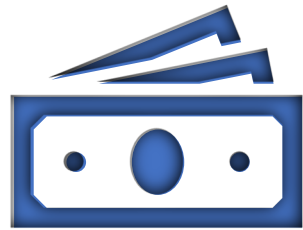
Finite monetary value and often a physical form.
Includes financial assets.



Intangible

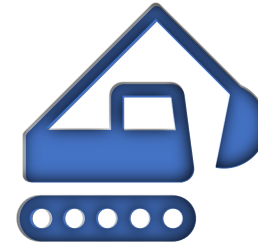
An asset that is not physical in nature. Considered either definite or indefinite.

Asset Classification



Current Asset

Assets expected to be converted to cash or used within one year



Fixed Asset

Assets planned for use over a long-term period, often to help generate income

Money Mavericks

Objective: Work to correctly identify the asset type and the asset classification withing your workgroups on the following Practical Applications slide.

Alpha: Green
Beta: Orange
Gamma: Gold
Delta: Silver



Practical Application

Within your Money Mavericks Workgroups, identify the Asset Type as **Tangible** or **Intangible** and the Asset Classification as a **Current Asset** or a **Fixed Asset**.

Gift Cards	Bitcoin	Classic Car	Savings Bond	Cash	Checking Account	Computer
Nike Brand "Swoosh"	Rare Comic Books	Baseball Cards	Gold Bars	House	Musical Instruments	Land
Bicycles	Video Game Console	Office Building	Patent on a Gadget	Savings Account	Company Stock	Trademark

Intangible Asset Examples



Brands and Trademarks



Copyrights on original works such as articles, music, poetry, stories, etc.



Licensing Agreements



Patents, such as those necessary to make mobile devices, technology components, new inventions, etc.



Class Discussion

What are some brands that you recognize from everyday life?

World's Most Valuable Brands

Source: Kantar List 2023



Apple

\$880 Billion



Google

\$577 Billion



Microsoft

\$501 Billion

Asset Value Changes



Appreciation

an increase in the value
of assets over time



Depreciation

a decrease in the value
of assets over time



Class Discussion

*What are
examples of
assets that
generally
appreciate over
time?*



Class Discussion

*What are
examples of
assets that
generally
depreciate over
time?*



Class Discussion

Why might people acquire certain assets, knowing the asset will lose value over time?

Markets

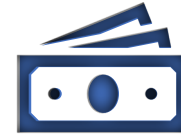
Places where people can buy and sell things



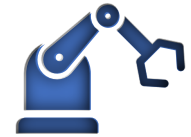
Farmers' Markets
(ex. Pike Place)



Financial Markets
(Stocks & Bonds)



Foreign Exchange
Markets
(Currencies)



Industrial
Equipment Market



Real Estate Market
(Commercial)



Real Estate Market
(Residential)



Used Car Market



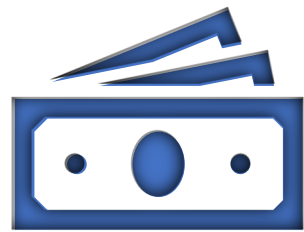
Used Video Game
Market

Liquid Market

A market where there are many buyers and sellers, transactions are easy and cheap, and prices are relatively stable

Asset Valuation

Process for determining the fair market value of assets



Assets having **liquid markets**
are easy to value

(ex. bank accounts, cash,
publicly traded stocks and
bonds, etc.)



Assets having **illiquid markets**
are more challenging to value

(ex. buildings, patents, property,
real estate, etc.)



Class Discussion

If you were to sell a video game, how might you establish your “asking price?”

Asset Valuation Methods



Absolute Valuation

Based solely on the characteristics of the asset, such as the asset's anticipated cashflows



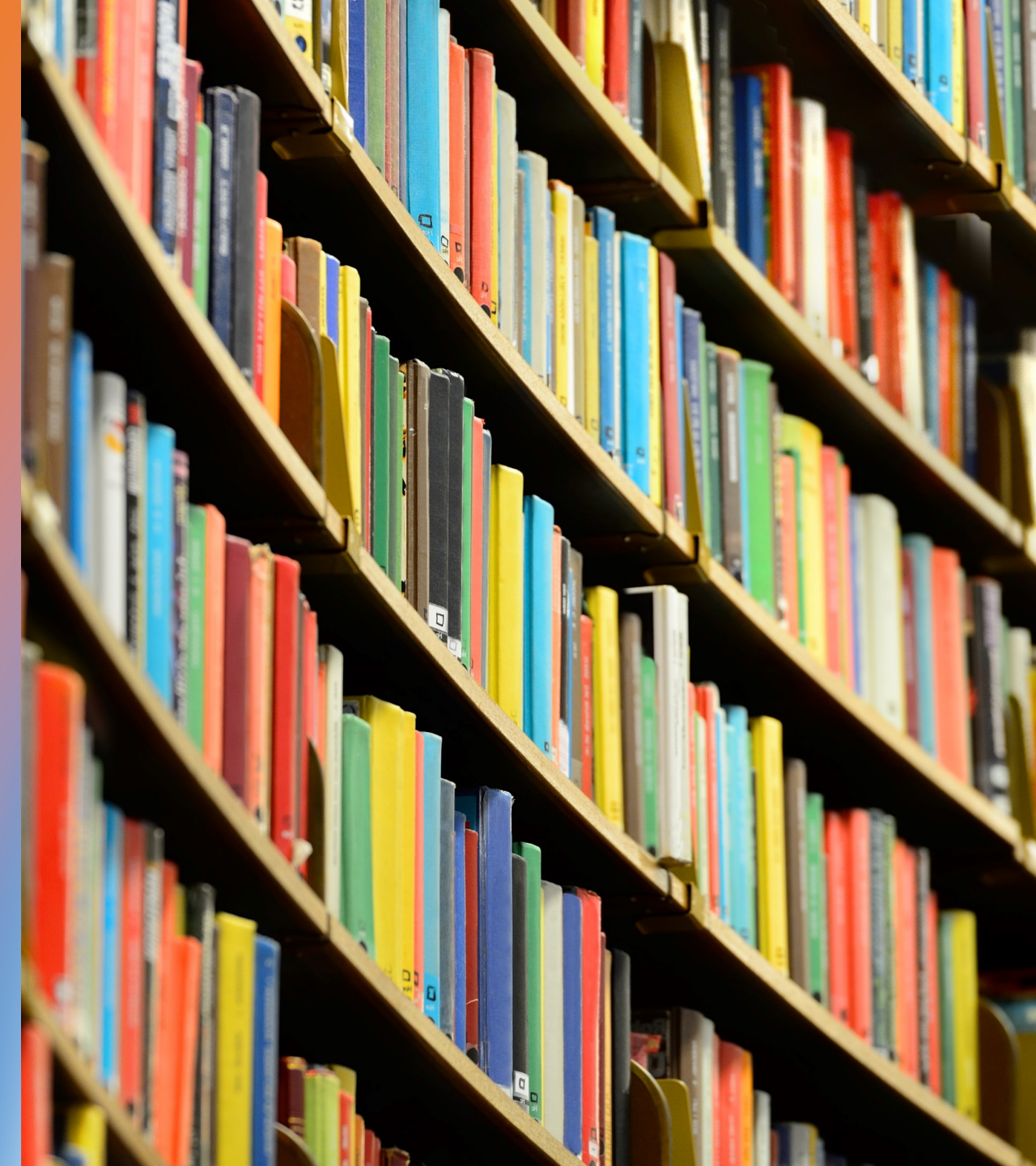
Relative Valuation

Compares an asset to the characteristics of similar assets and/or comparable transactions



Three Key Takeaways

1. Assets are anything that can be owned and has value, with value that can appreciate or depreciate over time
2. Current assets are easily convertible to cash or intended for use within one year, whereas fixed assets are used over a longer period
3. Tangible assets have physical form or are financial assets whereas intangible assets are not physical in nature



Where to Learn More

- [What Are Assets?](#) By E. Napoletano and Benjamin Curry via Forbes
- [What Is an Asset? Definition, Types, and Examples](#), by Adam Barone via Investopedia.
- [Money Skills for Teens: A Beginner's Guide to Budgeting, Saving, and Investing. Everything a Teenager Should Know About Personal Finance \(Essential Life Skills for Teens\)](#), by Ferne Bowe