



Financial Literacy with Mr. 401(k)
Spring Term 2026
May 27, 2026

Planning for Your Future **Class 30: Putting It All Together – Earning, Investing, & Avoiding Debt Traps**





Class Discussion

Many of you are 14 today. How might you have \$100,000 before the age of 35?

FinLit with Mr. 401(k) Course Spine

The four verbs that organize everything we have done.

Learn it.



What is money?
Where it comes from,
how you make it, &
how we value things.

Classes 1–5.

Modules 1–2

Earn it.



Earned income ·
passive income ·
portfolio income +
budgeting.

Classes 6–12.

Module 2

Own it.



Assets, liabilities,
equity, net worth + the
banking system that
surrounds it.

Classes 13–21.

Module 3-4

Grow it.



Time + compounding ·
investing · funds ·
diversification · long-
term wealth.

Classes 22–29.

Modules 5–6

Today is where this comes together. Module 7: Planning For Your Future.

After today, you'll have the framework to use beyond this class.

Recap: What Is Investing

Think of it as putting your money to work for your future self



Investing

The transfer of value today, in exchange for what an **investor** **expects** to have **greater value** in the future, while accepting that outcomes are not guaranteed.



What You Trade Today

You choose not to spend money now

When you invest, you use money today instead of buying something with it right away. It's different than saving because the value is uncertain. That choice is called a tradeoff.



What You Hope to Get Later

More value in the future

An investment might become worth more, pay you money along the way, or both. But it can also lose value, so the result is not guaranteed.

The Young Investor's Dilemma

Investing needs money. For a young person, one door is open.

DOOR 1.



Sell what you own.

Trade assets for cash.
But, at your age, you do not own much to sell yet.

DOOR 2.



Borrow what you need.

Take on liabilities.
Starting your financial life in debt is the wrong direction.

DOOR 3.



Earn it.

Work for it. This door is open to any responsible student, today.

EARNED INCOME

Work makes money:
Class 6 + today's focus

PASSIVE INCOME

Assets make money:
Class 7 (passive income definition)

PORTFOLIO INCOME

Assets grow in value:
Classes 7 + 26–28 (portfolio income / investing)

Class 6 Recap: Teenager Earned Income Ideas



BABYSITTER



CONTENT
CREATOR



DOG WALKER



FAST FOOD
WORKER



GRAPHIC
DESIGNER



LIFEGUARD



OFFICE
WORKER



PET SITTER



REFEREE OR
UMPIRE



TUTOR



YARD
WORKER



VIDEO GAMER

Class 6 Recap: Teenager Earned Income Ideas



Class 6 Recap: Income Math

How much might you earn by doing this work?

Babysitter



Rate: \$20/hr (1 child) or \$25/hr (2+)

Blended Average: \$22/hour

Hours per Week: 5 hours (1 evening)

Weeks per Year: 52 weeks

$$\$22 \times 5 \text{ hrs} \times 52 \text{ weeks} =$$

\$5,720 / year

Yard Worker



Rate: \$20/hour (or \$40/mow)

Hours per Week: 6 hours (1 day)

Weeks per Year: 52 weeks

$$\$20 \times 6 \text{ hrs} \times 52 \text{ weeks} =$$

\$6,240 / year

THE RECIPE

Four steps + Twenty years.

1 EARN

Do the work for 8 years

2 PAY

Set aside 10% for taxes (simplified)

3 GROW

Invest 70% in a broad market investment fund (e.g. VTI)

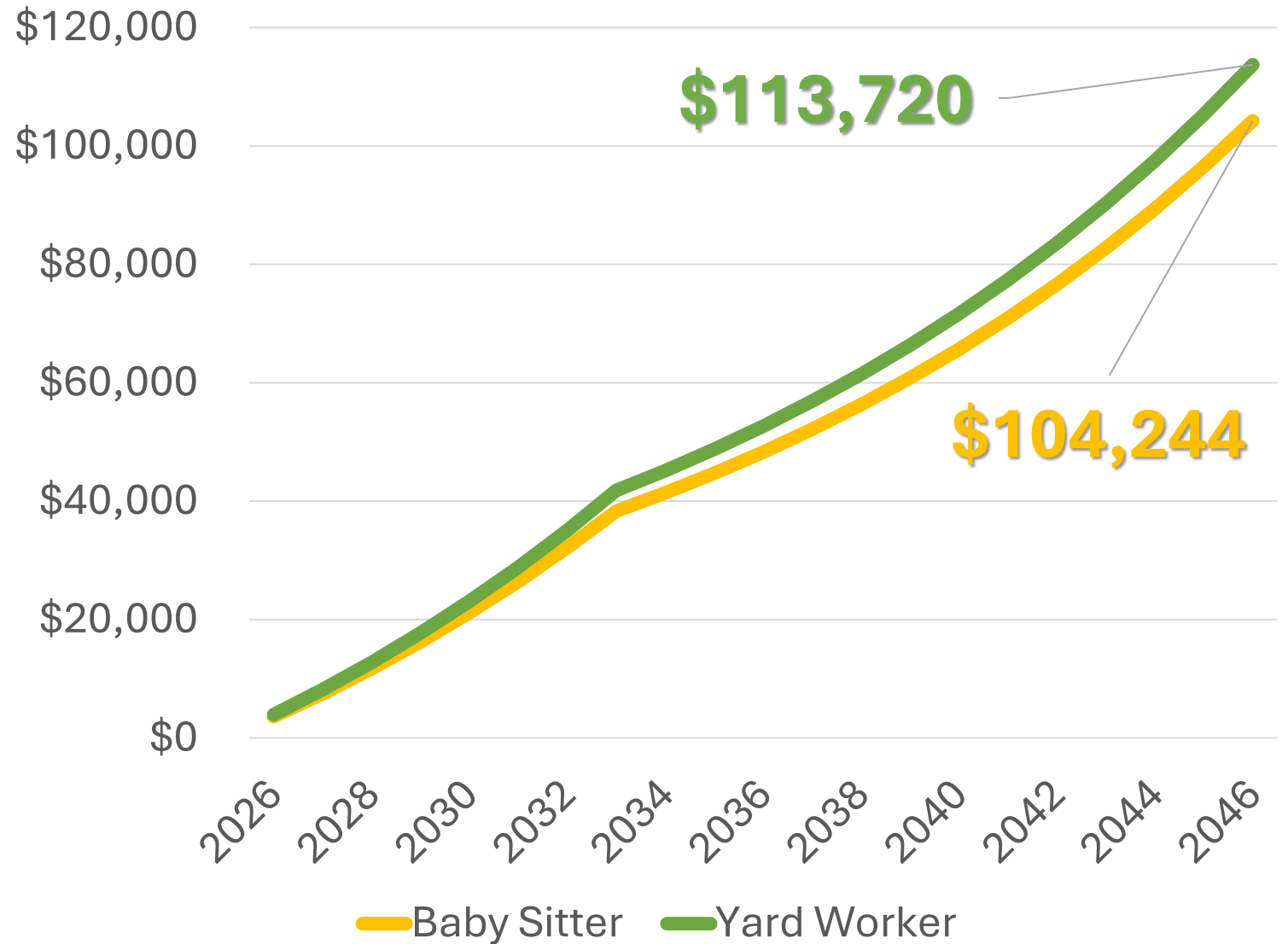
4 SPEND

Keep the rest for needs & wants

Hypothetical. 8% annual returns, compounded over 20 years.

Can a teenager reach \$100,000 in 20 years?

Yes – and past it. Here is how both get there...



Compounding: One Force, Two Outcomes

The same equation can build wealth or debt. You choose.



$$\textit{Future Value} = \textit{Principal} \times (1 + r/n)^{nt}$$



Working for you

Example: Save and invest steadily

Your money earns returns. Those returns earn returns. The longer you wait, the steeper the curve. From Class 26: the teenager who invests \$100/month at 9% annual return accumulates over \$1.1 million by age 65. **Compounding is working for you.**



Working against you

Example: Carry credit card debt

Your balance earns interest for the bank. That interest earns interest. The longer you wait, the steeper the curve. As we'll see today, a teenager who carries credit card debt watches interest pile up. **Compounding is working against you.**



Compounding doesn't care which side you're on. The math simply maths.
Your financial choices determine whether compound growth works for you or against you.

What is Revolving Credit?

Think of it like running on a treadmill of debt



Revolving Credit

A type of loan that allows you to borrow up to a limit, repay it, and then borrow again, continuously, without needing to re-apply each time.



Credit Cards

You can borrow up to a credit limit

But should you borrow up to a limit? Not if you can avoid it. Credit cards are useful for purchases and emergencies, but people can get into bad debt traps with them.

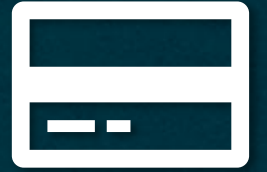


Avoid Revolving Debt

It's a leading cause of financial problems

Growing revolving debt is like running on a treadmill that keeps speeding up – you need to run faster to keep up with the debt.

Practical Application



- A teenager gets a credit card with a \$1,000 balance limit.
- The interest rate is 20% annually. The credit card requires a minimum monthly payment of \$20 or 2% of the balance outstanding, whichever is greater.
- The teenager purchases new clothes and electronics on the credit card, building up a \$1,000 credit card balance.
- “\$20 per month is nothing,” thinks the teenager.
- The teenager makes the \$20 minimum monthly payment until the credit card balance is paid off.



Class Discussion

Do you think this was a good decision? Could the teenager have made better choices?

Practical Application



- It takes over 9 years to pay off the credit card.
- By the time the credit card balance is paid, the teenager is an adult, the clothes purchased are out of style and the electronics are obsolete.
- The teenager made total payments of \$2,168 of which \$1,168 was interest expense.
- Interest expense to the teenager was income to the credit card company.

Month #	Starting Balance	Interest Charged	Minimum Payment	Ending Balance
1	\$1,000.00	\$16.67 <small>(\$1,000 x 20% / 12)</small>	\$20	\$996.67
2	\$996.67	\$16.61 <small>(996.67 x 20% / 12)</small>	\$20	\$993.28
3	\$993.28	\$16.55 <small>(993.28 x 20% / 12)</small>	\$20	\$989.87
...
109	\$7.89	\$0.13 <small>(7.89 x 20% / 12)</small>	\$8.02	\$0.00

Practical Application



The 9-year treadmill

\$1,000 at 20% APR · pay only the \$20 monthly minimum:

- 109 months to pay off; over 9 years
- Total paid: \$2,168
- Of which interest: \$1,168
- At the end: the stuff is obsolete; the interest went to the bank

The teenager made the bank rich!

1. Interest comes off the top.

Every payment pays the interest expense first. Only what's left reduces what you owe.

2. Minimum = minimum progress.

The minimum is designed to keep you on the revolving debt treadmill, not to get you off it.

3. Time is the bank's friend

Compounding only works for you when you're earning the interest, not when you're paying it!

Opportunity Cost of the Credit Card Path

Same \$20/month, invested instead of paid to a bank

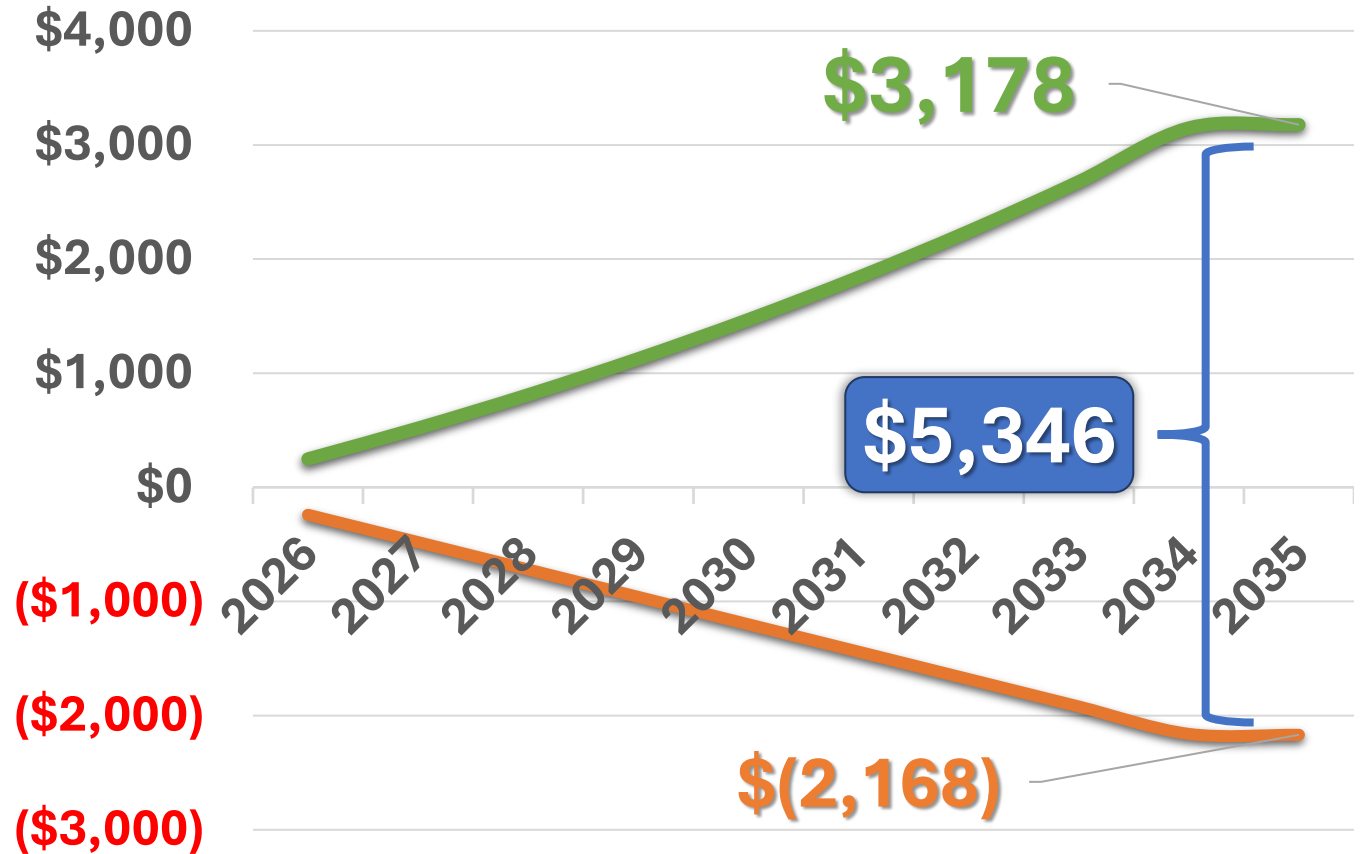


Path A: Pay the bank

- \$20 / month → credit card
- Total paid: \$2,168
- What you have at the end: used clothes and obsolete electronics

Path B: Pay yourself

- \$20 / month → broad U.S. index fund
- 8% annual returns, monthly compounding
- What you have at the end: \$3,178



!? Total swing: $\$3,178 + \$2,168 = \$5,346$

(what the teenager could end up with, plus what the teenager spent on the card)

The Other Side of the Equation

When you borrow, you become someone else's income



Your balance sheet

If you carry a \$1,000 credit card balance:

- It's a **LIABILITY** on your balance sheet
- You pay interest on it
- That interest is an **EXPENSE** to you

We learned interest you receive is passive income. And the interest you pay?

Bank's balance sheet

On a bank's balance sheet:

- Your \$1,000 balance is the bank's **ASSET**
- The bank earns 20% interest on it
- That interest is **INCOME** for the bank

When you carry a balance, you are the bank's investment.

Assets = Liabilities + Equity
(Class 13 · Class 14 · Class 18)



Every dollar of credit card interest you pay is passive income to a bank. Which side of $A = L + E$ do you want to be?

Questions for Any Financial Decision

From Class 27: use for whatever you sign, buy, or borrow

1. Time Horizon



How long until I need this money?

How soon do I need this money back? Days?
Months? Years? Decades?

2. Goals



What is this money for?

What am I trying to do: grow value, generate income, protect what I have, or buy something I want?

3. Risk Tolerance



How much of a loss before I panic?


How much loss could I take and still be okay?
What happens to me if this doesn't work out?

4. Liquidity Needs



How quickly will I need the cash?

Can I get my money back when I need it, without paying a penalty or selling at a bad time?

 These four questions don't just apply to investing. They also apply to renting an apartment, signing a phone contract, taking a loan, buying a car, or saying yes to a credit card offer.

Business Plan: Earn it · Own it · Grow it

Your presentations in Classes 31 & 33 is the course in action

Earn it.



Your business **EARNs** income by solving a customer problem.

Every dollar of revenue is earned income to the business, generated by what you built.

Own it.



The business itself is an **ASSET** you own: its equipment, its brand, its products, its customer list.

Class 26 framed it this way: your business plan project is one of your first equity investments.

Grow it.



Reinvest part of what you earn back into the business: more inventory, better marketing, or new tools.

The same compounding force that grows investment funds (e.g. VTI) grows a well-run small business.

Class 31 presentations: Alpha, Beta, Delta, & Epsilon. Class 33 presentations: Gamma & Zeta. What you learned in Financial Literacy with Mr. 401(k) course is the framework you'll be presenting through.

Open Your Money Journal: Commit

A strategy you can't name isn't a plan. Write four down.

Earn it

One way I'll start earning this summer: _____

Own it


One account I'll open (savings or investment): _____

Grow it

One amount I'll start investing each month: (e.g. \$5, \$10, \$20 or other): _____

Avoid

One rule I'll set for myself about revolving credit (e.g. credit cards): _____

 Complete these four sentences in your Money Journal before you leave class today.
Remember them and act on them. Your future self will thank you.



Three Key Takeaways

- There are plenty of ways for young people to earn money – **find what works for you and do it!**
- Investing some of what you earn is a great way to **build long-term wealth.**
- Credit card debt is the **worst form of debt** because interest rates are very high, so only banks can profit from it – **don't make banks wealthier!**



Where to Learn More

- [Financial Literacy for Young Adults Simplified: Discover How to Manage, Save, and Invest Money to Build a Secure & Independent Future](#) by Raman Keane
- [Rich Dad Poor Dad for Teens: The Secrets About Money - That You Don't Learn in School](#) by Robert T. Kiyosaki
- [Smart Money Habits For Teens And Young Adults: How to Survive Recession and Achieve Financial Independence With Smart Budgeting, Debt Management, and Investing](#) by Ward Nash

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Learn it. Earn it. Own it. Grow it.

Teaching young people how
money really works

**Financial Literacy with
Mr. 401(k)**

<https://petros.us/about-finlit>

