

6

Finance 101



START-UP ACADEMY

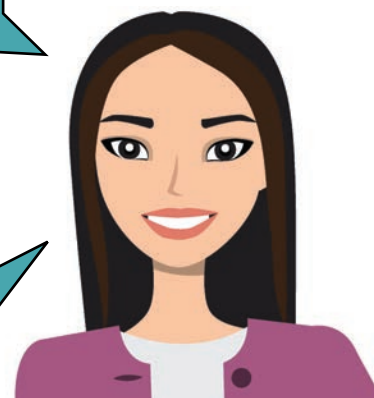


Mirai, I'm so proud of what you've accomplished this quarter.

Thank you so much! I couldn't have done it without you. Right now I need to do my accounting for the end of this quarter.

For many people, that is not something they look forward to, but I love it because it clearly shows the progress I've made.

Yes, I think I'm going to enjoy it too. By the way, I have many questions about what I should do with the money I made.



Instructions: What do you think is the best way for Mirai to spend the money she made? Rank them from 1–6.

- a. _____ find a nicer apartment to rent
- b. _____ buy an expensive handbag
- c. _____ buy a new computer
- d. _____ give a donation to a local charity
- e. _____ go on a trip to Hawaii
- f. _____ find a house to buy

Next, compare your answers from above with a partner.

Introduction

Instructions: Match the vocabulary words on the left to their meanings on the right.

- | | |
|-------------------------|---|
| 1. liability (ies) ____ | a. the practice of recording financial transactions |
| 2. savings ____ | b. the act of using money to earn more money |
| 3. accounting ____ | c. the amount of money a person or company owes |
| 4. income ____ | d. something that is owned by a person or company |
| 5. expense(s) ____ | e. money you must pay each month, quarter or year |
| 6. investment(s) ____ | f. money that you keep for a future purpose |
| 7. asset(s) ____ | g. money that you earn each month, quarter or year |

Instructions: Next, use the vocabulary words from above to complete the sentences below. When you finish, check your answers by practicing the shadowing activity on page 79.

1. The money you earn is _____.
2. That company is in debt. They have over \$1,000,000 in _____.
3. Tony made a good _____ in Apple stock before the company became famous.
4. For many people, their home is their most valuable _____.
5. He wanted to buy an expensive car, so he used money from his _____ account.
6. _____ is the study of a company's and individual's finances.
7. The money you spend is a/an _____.



What type of investment is it? Real estate, funds or stocks?

_____ : This is when you invest money to buy a small share of a company, like Apple or Toyota.

_____ : This is when you invest in property such as houses, apartment buildings, or factories.

_____ : These allow you to invest in several companies or properties at one time. For example, one might have the top U.S. 500 companies in it. You make one investment and own a small portion of each company.

Listening



First Listening: Listen to the conversation between Selina and her accountant Jennifer. Circle T for True or F for False next to each sentence. Then, check your answers with a partner.

1. Jennifer is busy because she's preparing for an exam. T F
2. Selina would like to begin investing next year. T F

Second Listening: Write in the missing words and circle the best choice in parentheses to complete the conversation below.

Jennifer: Hi Selina, how have you been?

Selina: Great! How about you?

Jennifer: Well, because it's tax (session, season) I'm really busy, but I love _____, so I enjoy it. Are you ready to go over this year's financial reports?

Selina: Yes, I'm looking forward to your (advice, advise).

Jennifer: You did very well this year. Your _____ is at an all-time high, and you have kept your _____ low. You are living below your means and have _____ a lot of money. I'm happy to see you're not spending your money on _____ like fancy cars or jewelry.

Selina: Yes, I've always been careful with my money. This year I would like to make some _____s. What do you recommend?

Jennifer: You should buy _____ like stocks and real estate. I can introduce you to a financial advisor who will give you more (invitation, information).



Speaking

Pair Work

Instructions: Next, role play the conversation on page 49 with a partner.

Substitution

Instructions: Change the underlined information from the conversation with the answers in the box below. Then, role play these new conversations with a partner.

Financial Advisor: Hi, it's nice to meet you. How can I help you today?

Client: Well, I have been doing well saving for the last year, and now I would like to learn about investment options.

Financial Advisor: Great! The ¹⁾ first option I would like to recommend is ²⁾ investing in yourself.

Client: Interesting. Can you tell me more about that?

Financial Advisor: Yes. ³⁾ Investing in yourself means spending money on education. Then, you can get a better job to earn more money, start a business, or learn more about investing.

Option: ¹⁾ second

Recommendation: ²⁾ investing in stocks

Explanation: ³⁾ Investing in stocks means that you buy a small share of a company. Then, you make a decision about when to buy and sell according to my recommendation.

Option: ¹⁾ third

Recommendation: ²⁾ investing in real estate

Explanation: ³⁾ Investing in real estate means that you buy houses, apartments or commercial buildings. Then, you collect rents from tenants.

Language Use

Checking for Understanding

When you are discussing a difficult topic like finance, you may need to clarify what was said to you. Here are some phrases that are helpful for doing that.

1. Sorry, do you mean...
2. Excuse me, could you say that again...

Instructions: Do the substitution activity above again, but this time ask for clarification when necessary.

Reading

Instructions: Selina has decided to start investing in real estate. Her financial advisor has recommended two possible properties. Read the descriptions below and fill out the chart of the pros (+) and cons (-) of each investment.



Option 1 - Farm house

This property is in the countryside about a two hour drive from Tokyo. It is a house and is 137 square meters with six bedrooms plus a living room, dining room, and kitchen. It is 100 years old and needs some renovation. But, there is a rice field, herb and vegetable garden, and fruit trees on the property. The price is ¥5,600,000 and it can be rented short-term (e.g., Airbnb) for approximately ¥20,000/night.



Option 2 - Condo

This property is located in Osaka. It is approximately an eight-minute walk to the local train station. It is close to schools, hospitals, and shopping. The property is 21 square meters, one room plus kitchen and balcony. It was built in 1988. The purchase price is ¥7,000,000. The monthly rent for the property is ¥45,000.

Option 1 - Farm House		Option 2 - Condo	
Pro (+)	Con (-)	Pro (+)	Con (-)

Writing

Instructions: John needs help with his finances. Look at the first spreadsheet and see where John is spending too much money. Then, help him budget so he can save more than he earns. Keep in mind that John is an aspiring fashion designer. So, he's not willing to cut his clothing budget.

Categories	Income	Expenses	Categories	Income	Expenses
Job	¥ 250,000		Job		
Rent		¥ (100,000)	Rent		
Utilities		¥ (10,000)	Utilities		
Food		¥ (50,000)	Food		
Phone/Internet		¥ (15,000)	Phone/Internet		
Clothing		¥ (30,000)	Clothing		
Entertainment		¥ (45,000)	Entertainment		
TOTAL	¥ 250,000	¥ (250,000)	TOTAL		

Instructions: Explain in more detail how John can save money on these expenses. Use the example sentence below to write about three expenses he should reduce and how he should do it.

Example: I believe John is spending too much money on **clothing**. In order to reduce that expense, **he should shop at less expensive stores like Uniqlo and GU.**

1. _____

2. _____

3. _____

Information Gap

Student A

Instructions: Student A: Stay on this page. Student B: Go to page 66.

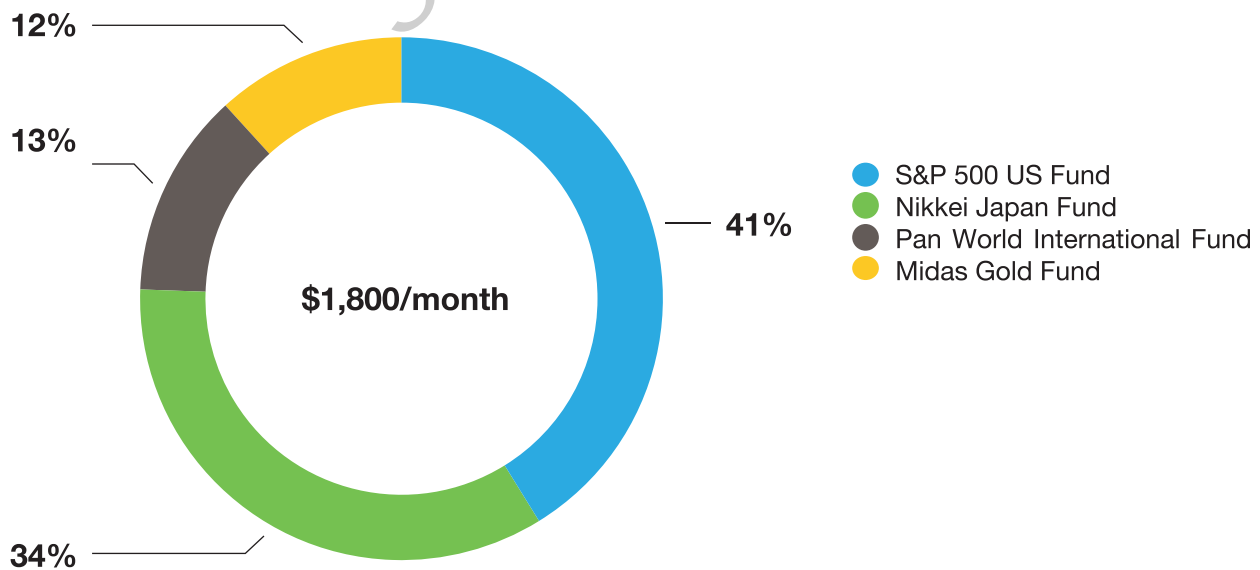
It is now five years in the future. You have a good-paying job, and would like to invest some of your savings. Use these questions to exchange information with a partner.

1. _____ much money do you invest every month?
2. _____ funds do you invest in?
3. _____ is your asset allocation?

Instructions: Use the questions above to ask Student B about their investments. Write their answers in the chart.

Amount Invested		
Name of Funds	1.	2.
	3.	4.
Percentage Invested in Each Fund	1.	2.
	3.	4.

Instructions: Answer questions from Student B about your investments. Use the information below for your answers.





SKILL UP!

A Diversified Portfolio



After talking to her financial advisor, Mirai has decided to invest a portion of her salary into the stock market every month. Her advisor has suggested that she divide her investment into the following funds (collection of stocks).

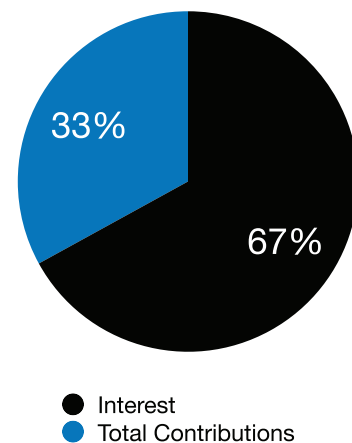
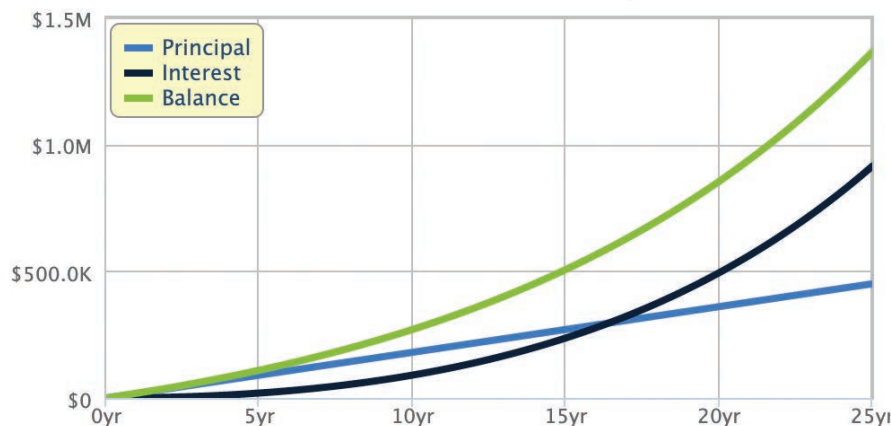
- 40% US Fund**
- 30% Japanese Fund**
- 20% International Fund**
- 10% Real Estate Fund**

Instructions: Mirai has \$1,500 set aside each month for her investments. Look at the funds that she can choose from. Then, write how much of her \$1,500 she should invest in each fund based on the advice she received.

Name of Fund	Amount Mirai Should Invest
S&P 500 (US Fund)	
Nikkei (Japan Fund)	
Midas (Gold Fund)	
Pan World (International Fund)	
Total REIT (Real Estate Fund)	

How much money did Mirai make? If Mirai invests \$1,500 a month consistently for the next 25 years, and earns an 8% rate of return, she will retire with **\$1.36 Million!**

Balance Accumulation Graph



Information Gap

Unit 6 - Student B

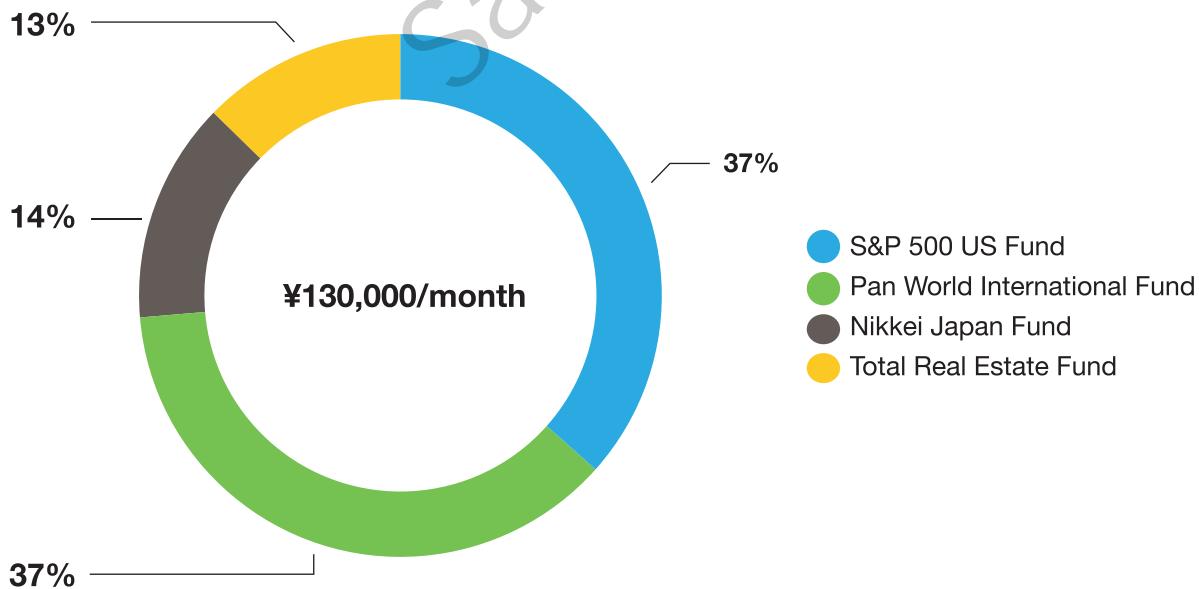
Instructions: It is now five years in the future. You have a good paying job, and would like to invest some of your savings. Use these questions to exchange information with a partner.

1. How much money do you invest every month?
2. Which funds do you invest in?
3. What is your asset allocation?

Instructions: Use the questions above to ask Student A about their investments. Write their answers in the chart.

Amount Invested		
Name of Funds	1.	2.
	3.	4.
Percentage Invested in Each Fund	1.	2.
	3.	4.

Instructions: Answer questions from Student A about your investments. Use the information below for your answers.



Grammar Focus 6

Could vs. Should

Could expresses an option. It can be used with people that are close to you or with a superior or stranger. It is a polite way to suggest something, since you are expressing a choice not an order.

- You **could** submit your homework by email. (*Other choices are also available*).

Should suggests the best course of action to someone. It can be used with those who are close to you, but you must be careful when using it with a superior or stranger.

- You **should** submit your homework by email. (*This is the best method for submitting your homework*).

Instructions: Complete the sentences below with either could or should. Look at the explanation of the situation to help you decide.

1. **Situation:** Your friend has dropped her phone on the train tracks.
You (could / should) tell a station worker right away!
2. **Situation:** Your friends are trying to decide on a restaurant. There are several good choices.
We (could / should) go to an Indian restaurant.
3. **Situation:** Your friends are trying to decide where to eat lunch. One of your friends is vegetarian.
We (could / should) make sure that the restaurant has vegetarian options.

Other Uses of Could and Should

Could can be used to make a polite request.

- Could you move your car?
- Could I use your restroom?

Should can be used to **ask questions regarding the best action** and to **talk about something that is probable**.

- Should we go to the movies or stay in?
- He should arrive at 3 PM.

Shadowing Activity Videos



Textbook Listening/Speaking Activities

<https://akebono-press.squarespace.com/think-big-audio>



Think Big for Business YouTube channel

