

Unit 1: Earning Income

Lesson 1: Earning Potential

Introduction

Welcome to The Earning Potential Game! I'll be your host Meredith Green.

Objectives

In the Earning Potential Game, you will need to earn as many coins as you can. You earn coins by making decisions. There are no right or wrong answers, but better decisions earn more coins. You can earn additional coins by:

- Identifying how career choice, education and training, job-related skills, and economic conditions affect earning potential.
- Determining opportunity costs related to your choices.

Start the Game

You just graduated high school. Your earning potential, or the top salary you can make, is currently zero dollars. Here's your first chance to earn some coins. You must mouse-over each option for additional information before making your choice. If you come across an underlined word you don't understand, click on it to visit the glossary. (Play the game).

Game Complete

You should go through the game again to see how you fair with other choices.

Summary

In the Earning Potential Game, you:

- Identified how career choice, education and training, job-related skills, and economic conditions affect earning potential.
- Determined opportunity costs related to your choices.

Every person's path is different, and what works for some may not work for all. While there are exceptions to every rule, generally speaking, continued education and/or training will help to grow your earning potential.

Lesson 2: Types of Income

Introduction

Now that you know all about earning potential, it's time for us to learn about the actual money you make because of your earning potential.

Unit 1: Earning Income

Objectives

In this lesson, you will

- Identify sources of income.
- Identify various forms of income.
- Determine how the average wage or salary for different jobs differs by the level of education, job skill, or years of experience.

Types of Income

There are three broad types of income you can generate: earned income, portfolio income, and passive income. Explore all three types of income by clicking on the icons.

Earned Income

Earned income is any income generated by working. Drag and drop the scanner to scan each of the DigiEd employee's name badges, and to learn more about earned income. Also, be sure to click underlined terms for their definition.

- **Larry Seal**

- Larry Seal has worked for DigiEd for 2 years. He has completed high school, but has no other education; therefore, he only qualified for an entry-level position when he began. Larry's starting wage was \$7 per hour; however, he has worked his way up – through perfect attendance, skills training, and professional development to a wage of \$10 per hour. Larry can be promoted to a Supervisor position, but would not likely be considered for any positions higher than that until he earns a college degree or equivalent certification.

- **Victor Ramos**

- Victor Ramos has only been with DigiEd for 1 year. He came to the company as a college graduate with a Bachelor of Business Administration, which allowed him to enter the company as a Supervisor. Victor currently receives a salary of \$50,000 per year. Victor aims to be a manager by next year and with his skill level, education, and continued professional development, he will be eligible for a promotion.

- **Renee Swindle**

- Renee Swindle has been with DigiEd for five years. She came to the company with her high school diploma, but worked in the first year to complete the Certified Sales Professional (CSP) program. Renee was one of the company's top sales representatives, but now she supervises the top sales team. On top of Renee's base salary of \$40,000, she can earn a commission of up to \$15,000 per year based on her team's performance. She is often responsible for training new sales reps and she's on track to become one of the company's Sales Managers this year.

Unit 1: Earning Income

Portfolio Income

Portfolio income is any income generated by selling an investment at a higher price than you paid for it. Here are some forms of portfolio income. Click each form of portfolio income to view more information. Be sure to click the underlined terms for their definition.

- **Stock Investments**
 - Trading or selling stock investments is one way to gain portfolio income. Most people purchase stock in the hopes that it will increase in value so that it can be sold for a profit.
- **Real Estate**
 - Selling Real Estate for profit is a way of creating portfolio income. The property, such as a house, land, or a building, must be sold for more than the initial purchase price. The profit from the sale is the portfolio income.
- **Other Assets**
 - Other assets that gain value over time, such as comic books, antique cars, and other antiques or collectibles, can be sold for more than the initial investment. The profit from such a sale is considered portfolio income.

Passive Income

Passive income is money you earn from assets you have purchased or created. Passive income is generally recurring income. This means once the investment is made, income will continue to come in month-after-month or year-after-year. Be sure to click the underlined terms for their definition. Drag each coin and drop it on the piggy bank.

- **Business Income**
 - Business income – not earned from working – is a form of passive income. For example, you create a website that allows others to market and sell their crafts; however, you require a 10% fee for every sale made. Your initial investment was creating the website; however, you did not have to make any further investment to receive payment.
- **Rental Income**
 - One example of passive income is the use of real estate as rental property. In order for income to be considered passive income, the property must be rented for more money that it costs to pay the mortgage and other expenses.
- **Intellectual Property**
 - Let's say you write an original song. You have the song published and people who want to hear it have to pay for the right to do so. The income generated by the sale of the song is considered passive income. This applies to books, patents, internet content and any other intellectual property where compensation is required for use or access.

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Summary

In this lesson, you

- Identified sources of income.
- Identified various forms of income.
- Determined how the average wage or salary for different jobs differs by the level of education, job skill, or years of experience.