ON THE MONEY

BY TEENS FOR TEENS

SUMMER 2024

SPRINGING INTO FALL

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A BRIEF HISTORY OF OTM

VIVIAN KALETA

On The Money Magazine, rooted in the heart of Chicago, began as a visionary project by the Economic Awareness Council to address a gap in financial literacy education among teenagers. **As of 2022, *"approximately 12% of adult residents citywide lack a checking or savings account"* with neighborhoods like East Garfield Park having 48% of their residents without checking or savings accounts (Chicago Health Atlas, 2022)**. Recognizing the urgent need for financial education that resonates with young people, the magazine was conceived as a hands-on learning tool where high school students could engage actively with financial concepts by writing articles, conducting interviews, and participating in the editorial process. The initiative quickly gained traction, providing a platform for students to explore complex topics, such as budgeting, saving, credit management, and investment in ways that were relevant to their experiences and aspirations. According to statistics reported by the Economic Awareness Council, **On the Money Chicago has "increased its circulation from 1,000 in 2007 to 9,000 youth throughout the state of Illinois in 2024" (Economic Awareness Council, 2024).** The project not only aimed to educate but also to inspire young individuals to take charge of their financial destinies, promoting a sense of responsibility and empowerment from an early age.

As On the Money evolved, it expanded its reach and impact within the Chicago community, drawing in a diverse group of young contributors from various backgrounds. Through workshops, mentorship programs, and collaboration with local schools and educational bodies, the magazine has played a pivotal role in bringing youth together to foster a culture of financial awareness within their community. As an OTM alumnus put it, their experience in the program was a *"great place to network and gain valuable life skills from exceptional leadership. (I) met many lifelong friends and was able to expand my understanding of finance and its relation to underserved communities and those not underserved."* On a similar note, OTM volunteer Elizabeth Stack stated, *"I leave every meeting impressed with the interns writing skills, understanding of important financial concepts and dedication to the magazine's publication. I enjoy working with the students throughout the entire lifecycle of the article, from idea generation to completion. I'm always inspired by the work the students are doing and have learned a lot from them reading their articles."*

State Farm®

On the Money would like to thank State Farm Agents (from left to right) Maks Andronenkov, Elvia Solis, Gilbert Edmond, Jon Guderjan, Doug Kramer, Vic Portillo, Blake Sonka and Dave Fredrickson, as well as Tyler Sonka (not picutured) for their volunteer support.

E-COMMERCE AND THE ECONOMY

MAYTE LEMA

Online shopping has become a prevailing way of shopping due to improvements in technology. With a click of a button, purchasing items has never been easier. Companies like Amazon, Shein, and many others have profited from technology and have become multi-million dollar companies in just a few years. Although it has had an immense impact, online shopping hasn't completely run all physical store owners out of business..

Over the years, companies with physical stores have adapted and implemented an online presence, which has led to more profit. This cannot be said for every physical store. **"Establishment of a fulfillment center is associated with reduced employment growth in retail of 2.9 percent within the same county, a loss of about 938 jobs per county per quarter" (Page, 2022).** For physical store owners, this can become an increasing concern. Daky Lema, a business owner of Native Spirit, states, *"I've seen that many stores have closed down because of this. (Consumers) can buy anything they want at home. Small business owners like myself cannot afford to hire someone to create a website nor can I work from home, delivering to everyone. I have to wait until they come to me, forcing my sales to go down."* As easy as it is for people to shop online, local business owners suffer from the ease of purchasing any products, at any time, whenever someone wants.

On the other hand, people who have decided to create online stores have benefitted from this switch substantially. **"By 2027, 23% of retail purchases are expected to take place online" (Snyder, 2024).** This increase in retail purchases encourages sellers to gradually move towards websites and leave the physical stores behind. Yamile Muñoz, an online business owner, states, *"People who have online stores can reach many more people. (Consumers) can keep buying from stores from their home. I can work 24/7 without having the hassle of working after hours or depending on one person's purchase. Especially since everything is becoming more online, I can (reach) a larger group of people."* This online shopping phenomenon has its pros and cons; however, with an equal balance, it can be beneficial for both online and physical stores.

Republic Bank

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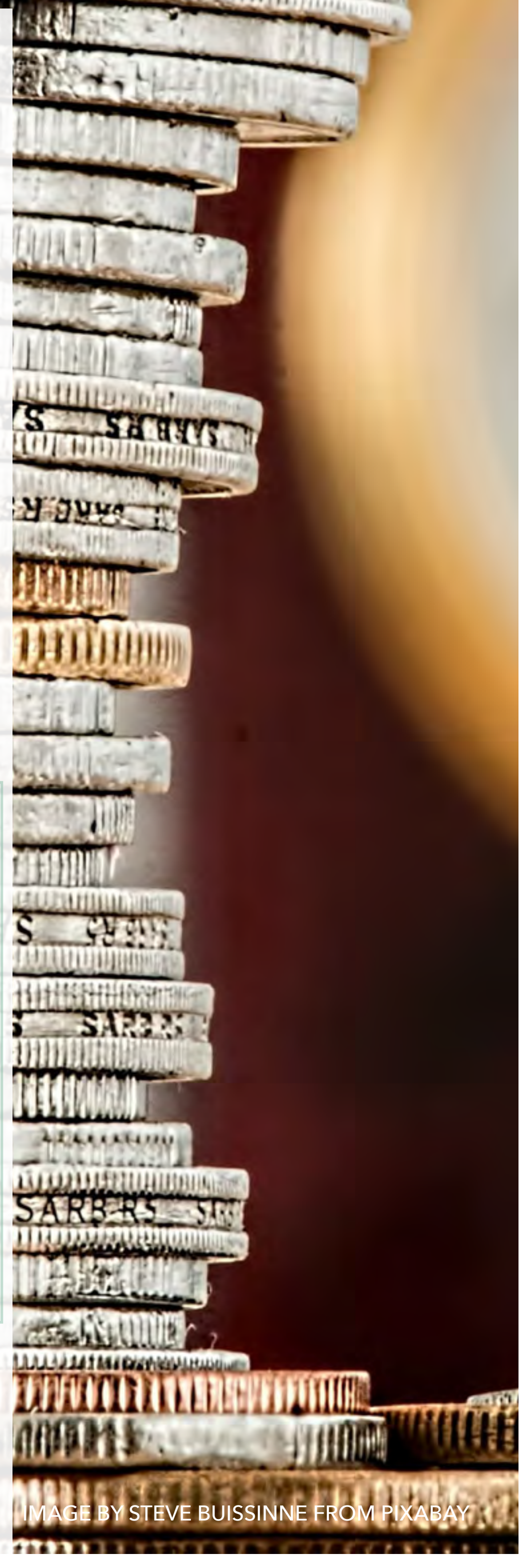

IMAGE BY STEVE BUISSINNE FROM PIXABAY

THE IMPACT OF GLOBAL TRADE DISRUPTIONS ON SMALL BUSINESSES

SANAA TAQVI

In the era of globalization, the world's economies are increasingly interconnected and a political or economic disruption in one part of the world has a cascading effect in countries that may not even trade directly. While the effects of disruption in global sourcing on large companies is well known, small businesses have been facing existential challenges that, in many cases, have caused them to go out of business.

The world has been grappling with a severe trade crisis that started with the COVID-19 shutdowns and has been exacerbated due to geopolitical tensions and protectionist policies. **Global trade volumes plummeted by a staggering 8.2% in 2020, marking the largest decline since the financial crisis of 2008 (OECD, 2022)**. Recovery has been slow, significantly impacting small businesses which lack the resources of their larger counterparts. **According to a SCORE survey, only 12.2% of small business owners reported profitable operations, marking a nearly 20% decline from the previous year (Score, 2024).**

The theory of comparative advantage in international trade considers opportunity cost in production decisions. However, trade barriers like tariffs and quotas disrupt this flow, distorting comparative advantage. Carolina Rikart, a jeweler employed at Serenity with a Bachelor's degree in Economics, notes that *"small businesses, which [often] rely on imports, face higher costs because of tariffs, which reduces their competitiveness [in the market] and stifles growth."*

Similarly, Sawyer Caldwell, the owner of a family-run boutique in downtown Chicago, stated, *"Our business relies on imported goods, especially from Asia and Europe. With the increasing tariffs, our costs have increased but our customers don't really want to spend that much."*

Łukasz Kubiak, a Polish immigrant who makes pottery in North Carolina, explained that *"I cannot source quality porcelain clay from Ukraine because of supply chain disruption caused by the war. [It] is not a matter of cost, but my craft's core is being ruined."* Without access to these materials, she states that she *"cannot make the intricate designs my customers love so much which puts my work at risk."*

As policymakers and global leaders navigate trade disruptions, it is crucial to prioritize initiatives that streamline trade procedures, provide financial assistance and promote international cooperation to ensure that these businesses remain vital contributors to the global economy.

BMO

On the Money would like to thank BMO for their support of this issue and volunteer support throughout One Summer Chicago.

HOW DROPSHIPPING WORKS

FABRICIO GUZMAN

Dropshipping is a retail fulfillment method where a store has a product but sells it in stock through a third party that ships the product directly to the customer. Karem Javeed, a Shopify Dropshipper says, *"The biggest benefit of starting a dropshipping business is that you don't need to buy and hold inventory in advance. Your supplier will ship order by order for you."* This operation can be controlled by one business owner or dozens of employees within a dropshipping company.

There are approaches to attract customers or convince customers to buy your product. **Dropshippers seek out one or more wholesale suppliers and locate them using a supplier database (Ferreira, 2023).** It is very commonly used because it is easier to find more customers that order products from that company. If you don't want to find suppliers for all the products you plan to sell, you can use apps that connect you to many suppliers. This helps find independent business owners who are trying to find products to sell. **Dsers App is a commonly used app that has been installed 185K times making it the second most downloaded (Brian, 2023).** These methods have shown to be the preferences that are the most effective way to get more consumers which boosts your way to success.

Dropshipping involves technology. If you want to be more effective on tasks, you will need dropshipping automation software which encompasses tools that help set up and manage the e-commerce that you choose. **Product importing, price monitoring, stock monitoring, and order fulfillment are some of the processes used most (Zablo, 2024)**. These are necessary to make dropshipping ventures successful and increase your profits. Philips M Delgado, Director of Sales at ORACLE Lighting says, *"The business risk is overselling and not having funding to pay for orders, employees, or marketing. Start small, grow and adapt steadily, and maintain margins that are reasonable."*

Dropshipping can be a viable business model for some, offering convenience and lower upfront costs. Make sure to thoroughly research and plan before diving into dropshipping to ensure long-term sustainability and profitability.

THE DANGEROUS RISE OF RETURN FRAUD IN OUR STORES

ERNEST GONTARZ

With the rise of online shopping throughout recent years, brick-and-mortar stores must adapt to current trends in order to keep up. One of those adaptations being extended is lenient return policies. While these tactics might win shoppers and drive income to the stores, they come at a cost. The rise of return fraud has been alarming in recent years fueled by the pandemic as around **13.7% of returns in 2023 were fraudulent or abusive to businesses, which accounts for around $102 billion dollars of product (National Retail Foundation, 2023).** This new issue has forced retailers to respond in different ways to curb fraud.

Fraudsters use many methods to scam retailers. For example, one way scammers get money in their pockets is by picking up old receipts left by previous customers and grabbing items off the shelf. *"We see everything on the cameras. But there's nothing much we can do"* says AP officer Matthew Alvarez, who works at a popular retailer. This type of return fraud, known as receipt fraud, is one of the many methods used to scam stores. Consumer Mark Cademcian says he sees this often when shopping at wholesale stores like Costco and states how *"it's kind of ridiculous how they do this and get away with it"*.

How can stores identify this problem? Well, there are multiple red flags employees and security can be trained on to identify fraudulent return attempts, such as if an individual comes back on a regular basis returning high-value items. On top of that, increased return fraud security and identity verification during busy times can help curb fake returns with **"25% of annual product returns occur[ing] between Thanksgiving and New Year's Day" (Fraud.net, 2024).**

So, the question then arises of how businesses can combat this exponentially growing problem? Well, for one, stores can use identity verification to fight identity fraud and repeated return attempts. With this, stores can identify loyal customers and tell the difference. Besides, when identity verification is included within the return policy, people intending to commit fraud turn away as soon as they see the requirement. Combating this issue and further preventing it will help stores stay in business longer.

RISE OF FREELANCE AND ENTREPRENEURSHIP

FILIP ZAKRZEWSKI

In recent years, there has been a significant shift in the United States workforce as many young adults and adults are escaping the traditional hourly pay and are looking for something new. Building new businesses and entrepreneurial establishments is becoming widely popular. Hourly wages, once considered the cornerstone of stable income, are becoming overshadowed by this new and sudden trend. **"36 percent of employed survey respondents say they labor as independent workers, up from our estimate of 27 percent in 2016." (McKinley, 2022)**

Being your own boss attracts young adults and people with previous experience in traditional work. Graphic designer, Jessica Alessi Kim, stated, *"The best thing is that you get to manage all your work and this helps a lot in my career."* However, this control comes with downsides. When being in charge of your own business, you face responsibilities that you otherwise would not worry about in traditional jobs. A self-employed cosmetician, Dorota Zakrzewska, mentioned, *"There is way less stress in traditional work. I always think 24/7 about work."* In traditional jobs, everything is set and always consistent; you don't take any risks. Many people today now want to take those risks and start their own business.

The rising popularity of entrepreneurship may also result in over-saturated fields. The statistics show an increase in interest in independent work over the past few years. **"59 million Americans performed freelance work in the past 12 months, representing 36%—or more than one-third—of the entire U.S. workforce." (Forbes, 2021)** This creates many downsides for employers and workers. With many businesses open, there is much more competition among them, fighting for the most relevance and clients. Oversaturation of self-employed workers also hurts big companies because of a lack of available workers.

The rise in private businesses is reshaping the labor market, affecting workers, and other business owners. With the immense amount of pros and cons in both workplaces, it may be hard to decide on a route. It's important to weigh the options and choose what works for your goals and aspirations.

Dennea Brown
Branch Manager U.S. Bank
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On the Money would like to thank U.S. Bank for their support of this issue and their volunteer support.
Thank you to Dennea Brown of U.S. Bank for volunteering.

IQ VS EQ: WHAT IS A BIGGER PREDICTOR OF WORKPLACE SUCCESS?

JACOB GOROFF

IQ vs EQ, what is more important in the workplace? This is one of the most highly debated topics by academics, company's HR divisions, and educators. First, it's important that we define IQ and EQ. IQ (Intelligence Quotient) is a statistic that is measured by psychometric tests that are meant to estimate a thing called the g-factor. The g-factor is an overall measurement of how well people tend to perform on a wide variety of tests of parts of intelligence. On the other hand, EQ (Emotional Quotient) is a metric meant to measure people's ability to understand themselves and interact with others.

So, what plays a bigger role in workplace success - IQ or EQ? **Organizational Psychologist Adam Grant said, based on a study, that "cognitive ability accounted for more than 14 percent of job performance. Emotional intelligence accounted for less than 1 percent" (Grant, 2017).** From his perspective, IQ mattered far more for workplace success. Alternately, **researchers Gregory Feist and Frank Barron found that "personality variables (such as tolerance and psychological mindedness) explained up to 20% of the variance over and above potential and intellect" (Feist and Barron, 2003).** They concluded that once IQ's reached a certain level, other factors, such as EQ, became greater predictors of people's creative success.

When asked for comments on the topic, former American Psychological Association President and Cornell University's world-renowned intelligence researcher Robert Sternberg said, *"IQ is highly although not perfectly correlated with SES."* SES is a sociological-and-economic-combined measurement of people's economic and social outcomes compared with others. Blistex's International Head of Marketing, Krenda Frushour said, *"Your IQ and results may get you noticed, but if you want bigger results, you need to engage others and that takes EQ."*

EQ and IQ both matter for success in the business world. Working with people and performing well in one's career are both necessities to do well in the work world. While IQ can get one's foot in the door, having a higher EQ can make a person a more likable and a more appealing employee. Likeability and intelligence are both necessities to have high performance in the work world.

ESG INTEGRATION IN FINANCE

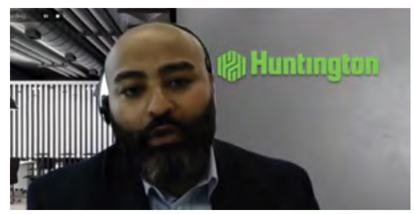
ROHIN SHAH

Environmental, social, and governance (ESG) is a set of goals that guide a corporation and ensure that responsible, equitable decisions are taken. These goals are individually determined by corporations, and although not lawfully enforced, can be key to attracting (or deterring) potential investors. These standards are extremely multifaceted—companies may commit themselves to limiting their carbon footprint, creating a diverse workplace, or even conserving their water usage. *"We are doing these things [integrating ESG] because it is the right thing to do,"* Daniel Finn, Chief Financial Officer of Accenture North America said. *"We believe that when we do the right thing, as a rule, we're led to becoming a better company and to perform better."*

Incorporating ESG considerations into a company's financial analysis is a continuous process—there is no one-time change that can be made to achieve sustainability. However, from the perspective of a corporation, some significant benefits can accompany the implementation of ESG goals. Studies show that **strong ESG performance is positively correlated with higher equity returns and a reduction in downside risk (McKinsey).** Shareholders are not only provided with the security and confidence to engage in more value-based investments—their portfolio is also diversified from an ethical and moral standpoint. *"Companies are definitely making strides to integrate ESG. A lot of the companies are doing that because their clients are expecting them to do that,"* Lauren Michalak, Managing Director, Business Strategy & Specialist Relations at Nuveen said.

Along with having the ability to mitigate risks, ESG can have positive effects on a corporation's financial returns. **An analysis of over 1,000 studies published since 2015 shows that strong corporate management of ESG standards is linked to improved Return on Equity (ROE), Return on Assets (ROA), stock price, operational efficiency, and risk management (NYU Stern).**

While the future of finance, investing, and economics is uncertain and ever-changing, ESG has had an impact in recent years. **ESG assets will hit $50 trillion by 2025, representing more than a third of the projected $140.5 trillion in total global assets under management (Bloomberg).** Assuming ESG standardization and transparency are mandated in the near future, corporations will begin to focus on making a real impact and achieving more than monetary returns—saving our planet.



Huntington Bank

On the Money would like to thank Huntington Bank for their support of this issue and volunteer support.

CAN YOUR CHOICE OF MAJOR DICTATE YOUR LIFE'S TRAJECTORY?

HAILAN YU

High school seniors, as they apply to college, are often advised to select a major aligned with their intended field of study. Historically, the major an individual chooses rigidly determines the specific career path they would follow. However, contemporary trends emphasize the ease and prevalence of transitioning between careers or industries. The average person will change careers 5-7 times during their working life. **Approximately 30% of the total workforce will now change jobs every 12 months (US Department of Labor, 2023). Roughly half (49.5%) of workers who changed employers also changed occupations in an average month from 2019 to 2021 (Pew Research Center, 2022).**

Numerous factors prompt individuals to switch careers, including the pursuit of fresh challenges, better prospects for growth, personal interests, or adapting to shifts in the job market. These changes are often driven by a quest for greater fulfillment, work-life balance, or financial security. With industries evolving rapidly and an emphasis on continuous learning and skill enhancement, career transitions have become increasingly normalized in today's workforce. This trend is further exemplified by Gabby Ianniello and Anvi Banval's career trajectories, where they navigated through various industries and roles, leveraging their college education and extracurricular experiences to shape their paths. Ianniello, an Award-Winning Podcast Host & Digital Marketing Strategist, initially pursued education in college, shifted to business focusing on real estate and technology post-graduation, and eventually ventured into entrepreneurship with her own podcast. She says in today's society, it is *"more accepted and almost expected for people to job-hop".*

Similarly, Banval, CEO of Generation She, transitioned from software engineering to product management, then went on to establish a venture-backed software company before currently leading a media company. Even though she went through varied interests during college, her *"college education and extracurricular activities were crucial in shaping my current career".*

Ultimately, while Ianniello and Banval did not begin with a major that aligned with their current profession, building transferable skills and staying true to their passions helped Ianniello and Banval succeed in their transitions between different careers. The modern workforce values adaptability, continuous learning, and transferable skills that they gained throughout college to allow them to succeed regardless.

ROTH IRAS: A YOUNG PERSON'S WAY TO BUILD WEALTH

RYAN FARDY

Do you know what a Roth IRA is? Samantha Loies, a junior at Walter Payton College Prep, admitted that she doesn't understand Roth IRAs and that she hadn't thought about planning for retirement. When you are young, it is easy to view retirement as far off in the future. Ironically, when investing for retirement, it is crucial to start as early as possible since investments compound over time. One opportunity for young people is to invest using a Roth IRA (Individual Retirement Account), which can easily be opened by a variety of brokers, banks, and other financial institutions.

A Roth IRA is different from a traditional 401k because contributions of earnings are made post-tax instead of pre-tax. **"People tend to be in a lower tax bracket when they are younger than when they are in retirement", which is one reason why Roth IRAs are good for young people. Since the contributions are after tax, if you withdraw the account's gains after the minimum age 59½ and after having the account for at least 5 years you will incur no taxes (Folger, 2024).** Qualified gains are tax free when withdrawn according to required rules because the contributions were taxed beforehand. There are even a few useful early withdrawal exceptions for specific needs. Learn more **here (Folger 2024)**. This means that all gains are tax free when withdrawn because the contributions were taxed beforehand.

Another feature making Roth IRAs great for young people is the fact that **"you can always access the money you contributed without penalty, no matter your age. Any gains in the account, however, may be subject to taxes and penalties if withdrawn before age 59½" (O'Brien, 2023).** All the money you put into the account was already taxed, meaning that unlike a 401k, which is subject to taxes and fees if withdrawn before retirement, the investments you made in a Roth IRA can be accessed whenever needed.

> "A ROTH IRA IS A GREAT WAY FOR YOUNG PEOPLE TO SAVE FOR RETIREMENT"
> — LIZ STACK, CFA

In an interview with Liz Stack, a financial professional and CFA (Certified Financial Analyst) charterholder, she highlighted that on top of the tax benefits, *"a Roth IRA is a great way for young people to save for retirement since they might not have access yet to a retirement plan like a 401k offered through an employer and there are no age limits for opening a Roth IRA."* This makes it perfect for young investors who want to begin investing and get a leg up to start building wealth.

EXPLORING THE STOCK MARKET

GIOVANNI GUZMAN

Stocks are equity that a person individually holds in a business that represents ownership. When buying shares in a business, one of the benefits may include the company deciding to make a dividend payment to the shareholders, which usually only represents a small portion of that year's net earnings. Thomas J. Brock, CFA, CPA describes stocks, *"When you buy stocks, you become a partial owner of the company. Stocks offer opportunities for growth but also involve risks. Prices will change due to factors like company performance and market demand. To get started with stocks, you can open an investment account with a brokerage firm".* **To help illustrate, say you owned 10,000 shares out of 1,500,000 shares of a company. This would mean you have 0.67% part ownership of the company (Brock, 2024).**

When speaking of the stock market, there are usually two different sides of the market: public and private stocks. Public stocks are usually where the more regulated exchanges occur. Publicly traded stocks are shares of ownership in publicly traded companies. Private markets have much less regulation, and are limited to specific investors allowed to buy these stocks. These are primarily *"relatively wealthy people and/or highly more knowledgeable people, and accredited investors",* as required by the Securities and Exchange Commission (SEC) (Brock, 2024).

Stocks usually involve a long-term investment goal, which expert Liz Stack can attest to. *"All of my investments are for the long term - 401k plans for retirement, 529 plans for my kids' college tuition, and brokerage accounts for building wealth and other large expenses along the way."* An anonymous student from Kelly High School is also playing the long game when it comes to their stock portfolio. *"I manage my stocks by diversifying and staying informed, aiming for long-term growth, income generation, and financial independence."*

Overall, investing in stocks offers significant potential for growth and financial reward, but it has risks and requires careful consideration and a strategic approach. By understanding the fundamentals of the stock market, diversifying investments, and staying informed about economic and company-specific developments, investors can better navigate the complexities of this dynamic field.

HOW TO MANAGE DEBT & YOUR FINANCES

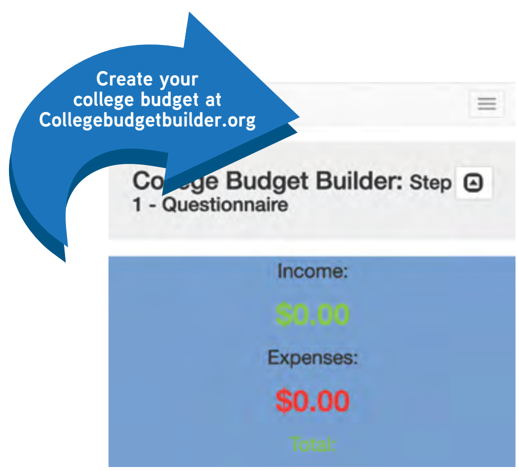
CRISTIAN ROJAS-TORRES

In today's world, debt has become a very common aspect of personal finance. From student loans to credit card balances, many individuals have found themselves under various forms of debt. Debt management isn't only about avoiding debt but also about understanding it. It's easy to purchase items with credit cards, but remember, it's money you are borrowing. If you do not borrow responsibly, it can be challenging to pay the money back. Debt management is important to understand because as teens reach adulthood they will have to learn how to manage their finances.

There are different ways to identify good debt and bad debt. Good debt usually involves asset purchases, such as buying a home or funding a business by having to take out a loan or usage of a credit product. Bad debt, on the other hand, involves you making unnecessary purchases that do not have potential to make you money and increase your debt, which can lead to your credit score decreasing.

In the Harvard Business Review, Rakshitha Arni Ravishankar explains how it is good to keep some savings to the side to avoid debt. ***"Have at least $1,000 in your emergency fund, especially if you're just starting to save or still paying off debt." (Ravishankar, 2022).*** Being able to know that you are safe because you have money saved on the side is a perfect start when you start saving, because if anything happens, you can just take it from your savings. ***"Most Americans carry around at least one credit card, and the average balance on a credit card is just under $5,910 as of 2022" (Calonia, 2023).*** Credit cards do offer convenience, but they could also be a high risk if they are not managed responsibly. Erika Ramirez, a college student, stated, *"I am going to graduate with minimal debt, build good credit and save for the future while managing [my] current loans and credit card balance. Economic changes can impact my debt management."* Mr. Perina, a finance teacher, states, *"My financial goals are focused on independence, retirement savings and wealth through investments while being able to manage my mortgage and credit card debt. I want to stay out of debt and spend my money wisely."*

All in all, understanding and managing debt is essential in today's world. Being able to tell the difference between good debt and bad debt is crucial for financial stability and ensuring positive credit scores.



FINANCIAL FAIR PLAY IN SOCCER

UMAR SHEIKH

This season, English Premier League Club Everton was docked 6 points for breaching Financial Fair Play (FFP) rules. But what exactly is Financial Fair Play? FFP regulation rules were introduced by the Union of European Football Associations (UEFA), the governing body of European Football, with the idea of keeping clubs stable financially. The regulations aim to prevent clubs from overspending and gaining unsustainable debt levels. Since its inception, FFP has been a topic of interest as many believe it has a damaging impact on competition and favors larger clubs.

For clubs to be self-sustainable, FFP expects clubs to create profit through common sources such as merchandise, ticket sales, and sponsorship revenue, rather than overly rely on an affluent owner. Over a set period, typically three years, clubs are required to break even, with an **" 'acceptable deviation'...defined in Article 61 as of €5M" (Caglio, Lafitte, Masciandro, Ottovanio, 2023).** Clubs must make sure their expenses are not larger than their revenue in this time period, or they face the risk of sanctions, fines, bans, and other penalties.

Critics of FFP believe that it favors larger clubs that are more adaptable to the financial restrictions. *"My club can't make anywhere close to the profits that large clubs like Manchester United make. The restrictions don't seem to matter to them, but they limit us a lot and it's unfair that two teams in the same league seem to have different rules,"* says a soccer fan and current Junior at Walter Payton High School.

Supporters of FFP still argue that is the current best path for finance. *"The statistics we have show it's improving in its mission,"* states an anonymous economics professor. **One study found income for clubs was at 91% increase in the English Premier League (Alabi and Uquhart, 2024).** However the same study found that even though clubs are moving away from financial losses, it doesn't necessarily promise the sustainability FFP wants.

Ultimately the issue of Financial Fair Play is a tough one. While the rules help ensure the sustainability of clubs, they struggle to strike a balance and create more competitive leagues. As FFP continues to evolve, it remains a hot topic for fans, clubs, and the UEFA.

THE PILOT SHORTAGE AND THE SURGE IN SALARIES

FINN SINGER

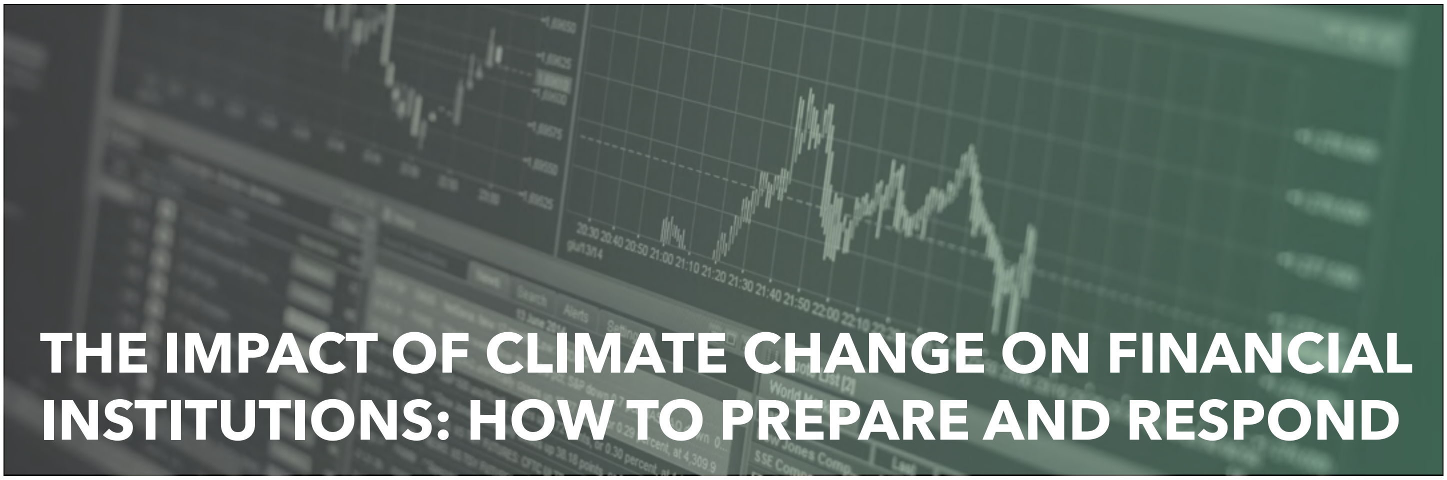
Across the world, airlines are grappling with the daunting task of filling cockpits with pilots. The reason for this is primarily due to the strong demand for air travel by consumers, high barriers of entry into the profession, and the strict age restrictions governed by the FAA. In order to fill open pilot jobs, airlines have begun to offer incentives to prospective candidates. These include offering higher-than-average salaries and recruiting prospective pilots directly from aviation schools.

According to Eric Popper, an airline pilot of 28 years, *"Wages have gone up substantially."* Because of the high salaries, you would think that there would be the opposite of a shortage and that many people would pursue this career, however, this is not the case. Becoming a pilot is an expensive and time-consuming endeavor. Not only does the process require a substantial investment in education, it also requires a significant investment in the time it takes to log the necessary hours required to achieve a commercial pilot's license. Forbes author Brian Foley mentions ***"upwards of 50% wage gains extracted from U.S. airlines" (Foley, 2024).*** This represents how the pilot shortage has taken its toll on the aviation industry, leading to airlines making drastic changes to their pilots salaries.

Gray Healan, a student at Whitney M. Young, who has aspirations of becoming a pilot, spoke of the pilot shortage, noting that *"becoming a pilot is a challenging and expensive career and that's why airlines can't get pilots...(however) I feel comfortable knowing high wages and better job security are present for my future career."* Backing up Gray's thoughts and opinions, The Seattle Times reports that, **"Alaska Airlines pilots on Sept. 1 will get an 11.2% pay jump to keep up with wages at rival airlines." (Gates, 2023).**

In summary, the pilot shortage is a real and necessary concern that needs to be resolved. Airlines must find a way to attract new pilots by increasing wages while also making entry into the profession a more accessible path.

Interested in aviation? Never flown before? Learn more about programs like Young Eagles that expose youth to aviation at EAA.org



THE IMPACT OF CLIMATE CHANGE ON FINANCIAL INSTITUTIONS: HOW TO PREPARE AND RESPOND

SAMANTHA LOIES

Climate change poses significant challenges to financial institutions worldwide. As the planet warms and extreme weather events become more frequent and severe, the financial sector faces many risks, ranging from physical damage to investments and reputational damage.

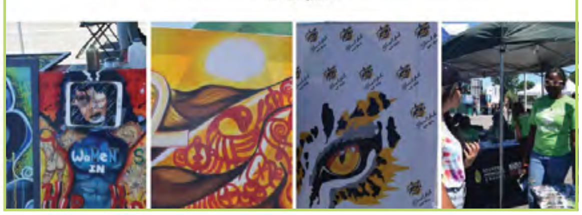
Extreme weather events can damage physical assets. These disasters can disrupt economic activities, impairing the ability of borrowers to repay loans and triggering defaults, further straining the financial system. After a study, **the results show that around 60% of banks still need a climate risk stress-testing framework (European Central Bank, 2023).**

With the growing awareness of environmental issues, investors are increasingly scrutinizing companies' environmental practices. Financial institutions heavily invested in industries with high carbon footprints may face significant asset devaluation as policies and consumer preferences shift towards sustainability. Additionally, stranded assets pose a substantial risk to financial institutions. According to Greg Gelzinis and Graham Steele, **The Economist's Intelligence Unit estimates that the current value of direct private investor losses globally due to the physical risks of climate change is between $4.2 trillion and $13.8 trillion, depending on the warming scenario (Gelzinis, Steele 2019).**

Governments worldwide are implementing policies to mitigate climate change, such as carbon pricing mechanisms and stricter environmental regulations. These changes can directly impact financial institutions through increased compliance costs and changes in lending practices. To assess the resilience of a company to climate change risks, Sarah Steigwald, a financial advisor, says, *"When assessing companies' resilience to climate change, it is most important to analyze geographic exposure, infrastructure robustness, past experiences, risk management practices, and adaptation strategies the company may use."*

Moreover, climate change can have profound implications for insurance companies. To mitigate these risks, insurers may need to reassess their pricing models, underwriting standards, and risk management strategies. Climate change and financial institutions may also affect regular consumers. Ryan Fardy, a Walter Payton student, describes how financial institutions might combat the effects of climate change. *"I think financial institutions can contribute to addressing climate change through more advocacy for regulatory measures promoting environmental responsibility and sustainability overall."*

Addressing these risks requires proactive measures, including incorporating climate considerations into risk management practices and supporting the transition to a low-carbon economy. Failure to address these risks could expose financial institutions to significant economic losses and undermine long-term sustainability.



THE FUTURE OF HOUSING AFFORDABILITY IN THE FACE OF CLIMATE CHANGE

RIKA NISHIKAWA

For the past decade, **home listings have become less affordable, with only 15.5% of home listings deemed affordable for a typical US Household in 2023 (Redfin, 2023).** This has been building up for years and may only get worse—in part because of climate change.

Repairing climate-related damages is getting more expensive and making it a financial risk for insurance companies to cover homes with high climate risk. **In California, State Farm and other major property insurers faced billions of dollars in losses in 2021 (California Department of Insurance, 2022),** leading some to increase premiums or even back out of states entirely, leaving residents scrambling to find new insurance. Real estate broker Nancy Yockel, who owns property in California, states, *"All homeowners are dealing with the effects of climate change. In the pocketbook, immediately, with insurance… Some insurance carriers are leaving the state of California. They are just making a financial decision that it is no longer a profit center to insure homes in California."*

For some individuals, climate change may lead to economic pressures that require relocation. Compared to black households, white households had three times the number of affordable housing options (Redfin, 2023), making it harder for black households, especially those living in climate-risky areas, to move out to safer homes. Also, it's becoming increasingly important to consider where to build new properties, how climate change may impact them, and whether it's financially productive.

Dr. Raymond Lodato, a University of Chicago professor specializing in environmental policy and urban sustainability, stresses the transformation of housing because of climate change, *"I think there is going to be a shift in the market… People are going to have to seek higher elevation… this is going to cause a lot of migration and a lot of shifting around. All of that will have impacts on the housing market… and what housing is available will be snatched up pretty quickly. That could cause prices to rise and therefore cause another affordability crisis."* It's safe to say that housing will be one to watch in the world of climate change.

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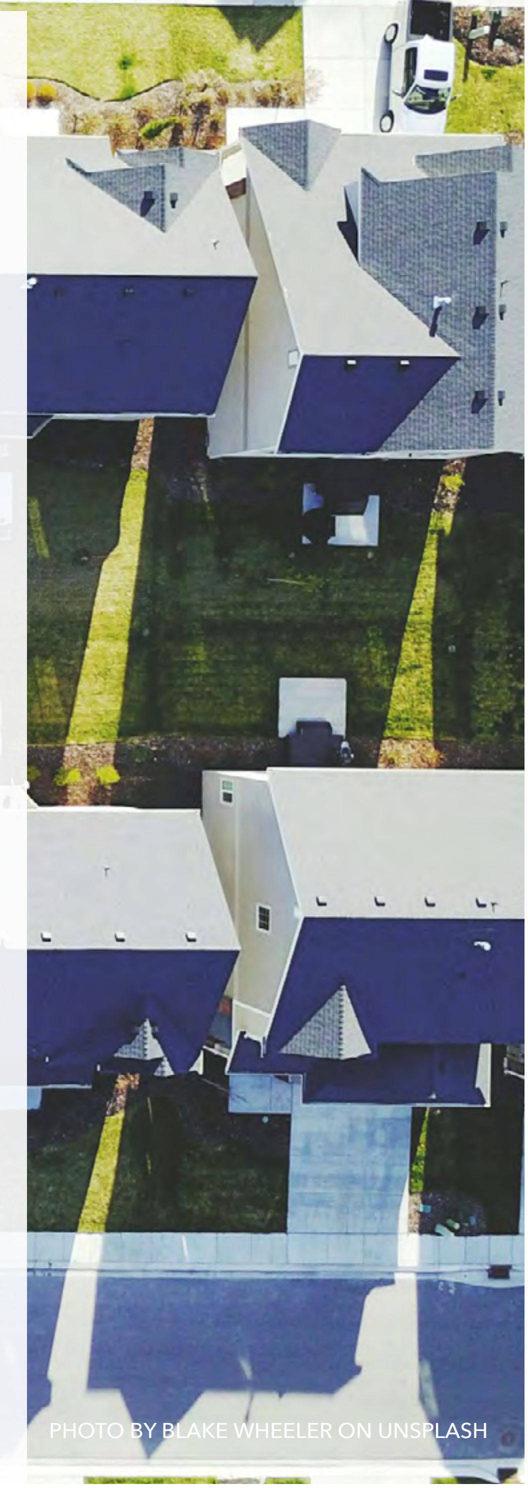
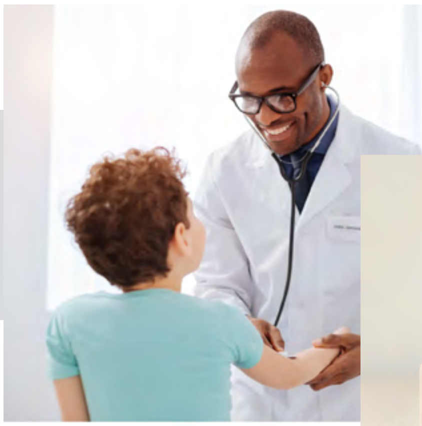


PHOTO BY BLAKE WHEELER ON UNSPLASH

THE HEALTHCARE CRISIS IN AMERICA

DECLAN PARKER



When compared to all other high-income, developed countries, **the United States has the some of the worst overall health outcomes, including the lowest life expectancy at birth, the highest death rates for treatable conditions, and the highest infant mortality rates (The Commonwealth Fund, 2023).** Despite this, **the United States spends nearly 18% of its GDP on health care, far more than all other high-income nations (The Commonwealth Fund, 2023).** With the United States lagging far behind its peers, and most of developed Europe having some sort of universal healthcare system, the age-old political debate for government-funded healthcare in the country continues.

Although some government alternatives exist, like Medicare for people age 65 and older, healthcare largely remains a business in the United States. *"Our health insurance for a family of four costs approximately $2000 per month. We pay $500 while our employer pays $1500,"* says Jim Parker, a private health insurance consumer. He explains that, *"The cost of health insurance likely surpasses the cost of housing for many families."* The average cost of health insurance for an individual in the United States is about $477 a month, a steep price to pay considering that in other countries such as England, the National Health Service exists, which provides free healthcare services to all residents.

Expensive healthcare also may limit access to medical treatment. Mary Branick, Director, Coding Audit and Physician Billing, at Ann & Robert H. Lurie Children's Hospital of Chicago, explains that *"Financial aid is available for severe cases of need but families need to qualify. For commercial insurance, high deductibles make it difficult for families and those are the ones most likely to complain about their bills."* In fact, **the Federal Reserve found that "Twenty-eight percent of adults went without some form of medical care in 2022 because they could not afford it" (Board of Governors of The Federal Reserve System, 2023). Those with lower incomes reported being in good health less often than those with higher incomes (Board of Governors of The Federal Reserve System, 2023)**, which is a clear problem as no one should have to have their health suffer simply because they cannot afford the medical care they need.

It's clear that we have a problem with healthcare costs in the United States, and it's a concern frequented in many elections with some candidates proposing "Medicare For All".

"THE COST OF HEALTH INSURANCE LIKELY SURPASSES THE COST OF HOUSING FOR MANY FAMILIES."
— JIM PARKER, PRIVATE HEALTH CONSUMER

YOUTH SPORTS BETTING: ANOTHER FINANCIAL RISK PRESENT ON THE INTERNET

OLIVER KRZECZOWSKI

Sports betting is an activity that has been conducted since the ancient Olympic games. In modern times, it's been an activity reserved for adults, but new technologies have caused youth to slip through protections provided by the government. On May 14th, 2018, the Supreme Court struck down the Professional and Amateur Sports Protection Act, leaving the legality of sports betting up to states. **Sports betting is currently legal in all but eleven states, and its evolution from casinos to apps has led it to become a ten-billion-dollar industry (Goldman Sachs, 2024).** In all cases, gambling can become harmful, but youth and teens are especially vulnerable. New online sports betting platforms have weak age verification systems that increase accessibility to youth who are left predisposed to risk.

Gambling is a highly addictive activity that when paired with sports is highly appealing to teens because of the perceived ability to make money quickly and with minimal effort. Many start out participating in sports betting as a fun social activity after being introduced by friends. One sports bettor Rayteng has stated that a casual start led to, "spending more than an hour each day on the app". **Teens can easily lie about their ages or identities when signing up for gambling platforms leading to "80% of high schoolers say[ing] that they've gambled for money in the past year" (Weintraub, 2018).** Youth within that 80% are at risk for developing addiction, even if they're not especially concerned. According to psychologist Monica Gutkowska, *"[Teens are] less likely to see it becoming a problem, sports betting starts out as innocent, but it stimulates the same brain systems as substances."* The many effects of gambling addiction include neglecting responsibilities, harming communication, and increasing isolation, all of which contribute to increased anxiety paired with lowered self esteem. Perhaps the most troubling effect is the increased financial risk teens are exposed to. Spending more than one percent of income on gambling is known to be harmful, most teens end up spending more. They pick up bad habits by risking money for potential, but unrealistic, quick gains. Parents should talk to their children about the dangers of sports betting, while teens themselves should look out for flashy promotional deals and know that they are safer without sports betting.

ILLUMINATING HOLLYWOOD'S INEQUALITY

CHIYA STONEWALL

Many actresses and women in the entertainment industry have been faced with inequality, whether that comes from pay, opportunities, or experiences. The Guardian's report on gender bias in the film industry paints a bleak picture, revealing that **"the 2,000 films surveyed revealed that women accounted for only 13% of the editors, 10% of the writers and just 5% of the directors" (Petersen, 2014).** Women in these positions of power remain underrepresented and overlooked. This imbalance extends beyond pay disparities and speaks to deeper systemic issues that permeate the industry. The report highlights the inequality faced by actresses, such as Jennifer Lawrence, Scarlett Johansson, and Natalie Portman, in securing leading roles and equitable compensation. After interviewing Starlyn Aneglique, a local actress, she similarly expresses her concerns. *"I love acting, it's my passion, but it's disheartening to see how the industry treats many amazing actresses."* A study published on Gitnux.org delves into the sexism in Hollywood and states that **"the gender wage gap in Hollywood is 25%, with women earning US$1.1m less than men with similar experience" (Lindner, 2023).** This explains the need for systemic reforms to address discriminatory practices and promote gender equity in the entertainment business.

Jayla Stevenson, a senior drama student at Lindblom Math & Science Academy, shares, *"For me personally, the gender pay gap isn't just a distant problem, it's a potential barrier to my success in the industry."* The Daily Beast report "exposed" the gender pay gap in Hollywood, indicating that the actress Jennifer Lawrence was paid significantly less than her male co-stars for a film. Not only Jennifer Lawrence but other actresses, such as Taraji P Henson, Keke Palmer and Olivia Colman have expressed being displeased with the industry. This discovery sparked widespread outrage and renewed discussions about pay disparity and gender discrimination in the industry, highlighting the need for greater transparency and accountability in compensation practices. The industry leaders and influencers in Hollywood must continue to prioritize equity and opportunities to eliminate gender biases and to encourage future generations to pursue professional career opportunities in the film industry.

THE ECONOMIC EFFECTS OF GUN VIOLENCE IN THE UNITED STATES

LEYANA GAVIN

Nowadays, gun violence is one of the biggest issues in America. It is an ongoing problem that continues to take away money that should be used for better things in our country. Gun violence has a negative economic effect on our country. When people think about gun violence, they tend to focus solely on the victims but to maximize the understanding of the issue, it's important to realize the effect it has on the United States as a whole as well.

The monetary costs of gun violence can range from $280 to $557 billion US dollars per year (Pereira, 2021). It can cost people financially, psychologically, emotionally, physically, etc. With all of the trauma experienced by the victims, it's clear that the cost is long-term and overwhelming. A study found that **over 600 million dollars was spent on healthcare in 2010 alone, with the amount continuing to increase over the next few years.** In fact, in-patient stays are the main driver of healthcare costs. ***"Firearm injuries cost more than twice as much as other hospital care in the United States" (Gobbo, 2023).*** **In fact, from 2016 to 2017, there was an average of more than $30,000 spent on firearm patients compared to $12,000 dollars spent on patients of other injuries. Employers and businesses lose $535 million per year simply due to lost revenue, time spent adjusting schedules because of time off work for injuries, and time spent filling job vacancies. Additionally, people lose money due to having to take time off of work because of firearm injuries, which is estimated at 53.77 billion every year (Gobbo, 2023)**. .

Former Manager of Government and External Relations, Andre Gobbo, says *"Know that gun violence is more than just mass shootings that make headlines, and that it rears its head in lesser known but oftentimes more pernicious ways."* Additionally, recent gun violence victim, Donte Humphries, stated, *"it can cost a lot for families…a lot of minorities can't afford life insurance…There are not many families who can afford to bury their loved ones."* With a newfound awareness and a radar for the financial as well as personal impact gun violence, it is important to work towards finding a viable solution to this pressing issue.

IMPACT OF INFLATION ON TEENAGERS

CAROLINE KRUTO

In the last decade, people within the workforce have fallen victim to low purchasing power as a result of the rise of inflation. Prices of everyday essentials, ranging from groceries to gas, have increased dramatically, putting many people in tight financial situations. But there is one underrepresented group that has been highly impacted by the rise of inflation: teenagers. According to the World Economic Forum, **since the pandemic, economic distress has disproportionately impacted young workers (WEF, 2023).**

According to Olga Camargo, the CEO and founder of FARO Associates LLC, inflation has impacted teenagers in nearly all aspects of their lives. *"Inflation can create financial instability for teenagers and young adults, requiring them to be proactive in managing their finances and adapting to changing economic conditions."* Camargo then explained how this financial instability can prevent young people from saving for short-term expenses, such as entertainment and food, as well as long-term expenses like buying a house or starting their own business. When young people are not able to afford everyday items and save for long-term expenses, there is an intense amount of pressure and stress that is placed upon them. This financial stress can be incredibly detrimental and end up decreasing the quality of life that adolescents have and strive for.

17-year-old Destiny Roque, a cashier at a Chicago grocery store, gave valuable insight regarding the personal impact that inflation has had on working teenagers like herself. Roque talked a lot about how prices have increased since she started working a year ago, yet her salary has not. Roque mentions that *"a smoothie used to be around $4 and now it's close to $7."* The price of that smoothie nearly doubled in less than a year. Although it may seem small, the costs begin to add up a lot more quickly than they previously did. Also, **most young workers spend more of their income as a percent than older workers (Heritage Foundation, 2024).** Sudden price increases like this decrease purchasing power even more, which can lead to more financial stress and will only work to damage the overall quality of life of teenagers. Therefore, it is crucial to recognize the challenges of inflation that only teenagers face and how those specific challenges impact teenage workers.

GENE THERAPY: ITS EFFECT AND FUTURE OUTLOOK IN U.S. ECONOMY

GISELLE DELEON

Gene therapy has many benefits for the U.S. economy and it is able to transform the invention of new technologies and devices in the future to cure diseases. However, gene therapy has some risks, and it isn't affordable to the public. The U.S. is spending a large amount of money on the production of gene therapy. The National Bureau of Economics stated that ***"the expected peak annual spending on these therapies is $25.3 billion, and the expected total spending from January 2020 to December 2034 is $306 billion" (Wong et al. 2021).*** With the production and cost for gene therapy being expensive and not accessible to many people, it can be discouraging for people in need of treatment.

Gene therapy is making remarkable progress to cure diseases. Gene therapy aims to correct or replace faulty genes responsible for diseases. This can address the root cause of genetic disorders rather than just alleviating symptoms. However, the price is an issue. Natalie Sanchez, a student at Lane Tech, explains the problem from a consumer perspective. *"...It's extremely costly, and many people can't afford to pay off that amount per person."* In the future, gene therapy will continue to expand its applications and treatments globally, to shape people's lives, but there are limitations of accessibility that make it difficult for people to have access to gene therapy. ***"Analysis by the Institute for Clinical and Economic Review (ICER) suggests the average cost of a gene therapy is between $1 million and $2 million per dose" (Genetic Engineering & Biotechnology News, 2021).***

There are many debates about whether gene therapy is safe and beneficial to be accessible to the public. Jackeline Barge, a science teacher at Walter Payton College Prep, thinks that *"we should start with deadly diseases with no cures, or cures that are high risks for other problems, and monitor patients' experiences."* We can make gene therapy accessible to the public with precautions and for the patient to be well informed of the causes and effects of gene therapy. While gene therapy holds great promise, it also comes with challenges, such as high costs and safety concerns. However, ongoing research and advancements are continually improving its feasibility and safety.

WHAT DOES AI MEAN FOR WORKERS AND BUSINESSES?

TARA MIRKOV

Whether we like it or not, artificial intelligence is here. It's always difficult to predict the future, but the spread of AI in the past few years has provided some insight into what it might look like for workers and businesses.

Automation is a broader category in which generative AI and other intelligent systems fall. Automation has been prevalent for quite some time. Remember learning about the Industrial Revolution? Many believe society has turned a new leaf in a similar manner with GenAI. Research from McKinsey Global Institute actually shows that **"with GenAI in the picture, 30% of hours worked today could be automated by 2030" (Ellingrud et al., 2023).** Of course, this differs by field, but it's also very likely that lower-wage jobs will be most affected.

What about the benefits? Some believe that the rise of AI will create more jobs than it destroys, especially in the tech sector. In fact, **"in a recent survey, 84% of business leaders believed that generative AI would have a positive impact on their workforces, and 97% said the technology would free their employees to take on a more thoughtful and creative role in the workplace" (PYMNTS, 2023).** AI implementation might help a business reduce manual errors, make informed decisions, and speed up operation time significantly.

"THE SPREAD OF AI HAS LED TO A REDUCTION IN JOBS FOR FREELANCE ARTISTS."
— KAYLEN NG, ARTIST

The truth is, we have to wait for a complete answer. *"I believe time will tell to see the implications of Artificial Intelligence, and I am hopeful economics theories will evolve to reflect the impact,"* says local AP Econ teacher Lindsay Mueller. In addition, the societal implications of this technology will span far beyond what one may consider traditional worker/business dynamics. Novice artist Kaylen Ng states that *"the spread of AI has led to a reduction in jobs for freelance artists, and is heavily indicative of the lack of value that AI users place on artistic thought and creation."* Whether one is concerned with the benefits or downfalls of AI, it's undeniably important to understand what's on the horizon and prepare accordingly with community effort and genuine care for our workers, the backbone of our economy.

THE CHINESE EV ENTRY INTO THE US MARKET

JOSEPH DAI

Over a century has passed since Henry Ford first introduced the moving assembly line for car manufacturing in America. Since then, there have been many challengers in the American automotive market, including the Germans, Japanese, and Koreans. Now in the 21st Century, a new competitor approaches the American automotive industry.

Currently, the Chinese electric vehicle industry has been growing at an exponential rate. Car magazine Autoweek states that ***"China purchased 6.8 million EVs in 2022, which is 6 million more EVs than were sold in the US" (Lassa, 2023).*** For the average American consumer, Chinese EV expansion into the US isn't necessarily bad news; Chinese EVs are generally cheaper and more technologically advanced than their American counterparts. For example, prospective car buyer Gerry Ng says, *"Once I graduate college in a few years, I will consider buying a Chinese EV as my main concern with a car is its affordability."*

Although the availability of Chinese EVs in the US offers advantages for the average consumer in terms of affordability, functionality, and enhanced tech capabilities, one has to examine the effects on the US auto industry, which employs millions of workers. Any significant market disruption could lead to jobs being displaced.

Consequently, the US government has enacted tariffs targeted toward Chinese automakers that have made it hard for them to compete against established car manufacturers. A Chinese autoworker, who prefers to remain anonymous, asserts that *"we [Chinese EV companies] are facing regulatory challenges as they [US automakers] are afraid of their loss of market share due to our competitive pricing and technological advancements."*

In the meantime, Chinese automakers are focusing on another North American market, Mexico, perhaps as a stepping stone into the US market at a later date. According to Fortune Magazine, in 2023 **"Mexico's imports of Chinese cars (both EVs and traditional ones) increased 62.6% during the first eight months of this year compared to the same period last year" (Mollman, 2023).** Furthermore, the NAFTA trade agreement guaranteeing free trade between the US and Mexico is a way around the tariffs once Chinese EV companies begin streamlining manufacturing in Mexico. No matter the outcome of this race for EV dominance, it is certainly an exciting time for the EV industry!

Learn more about developments related to EVs and China's trade balance with multiple countries and their reactions, including tariffs and overall stress in the world trading system in these articles, regarding trade with China and the global economy as well as the overall trade balance between China and various countries in recent articles in the Wall Street Journal **(Greg Ip, 2024** & **Wei & Douglas, 2024)**.

THE DIGITAL COLD WAR: *NAVIGATING THE GLOBAL LANDSCAPE OF INTERNATIONAL RELATIONS AND ECONOMIES*

KAVIN RAMASAMY

The Digital Cold War, characterized by cyber espionage, data breaches, and technological warfare, has become a defining feature of the global power struggle. Nations invest heavily in developing and deploying advanced cyber capabilities, leading to constant vigilance as they seek to protect their digital assets and gain the upper hand in the virtual arena. Spending on technological advancements, especially AI, has drastically increased. According to the Harvard Business Review, **"as of 2023, global AI spending has surpassed $350 billion, with an annual growth rate exceeding 15%, according to data from leading research institutions" (Hemant Taneja and Fareed Zakaria, 2023).** This threatens national security and has profound implications for the global economy.

Jeffrey Ding, an Assistant Professor of Political Science at Columbian College of Arts & Sciences at The George Washington University, states ..., *"One of the key power dynamics is that states are maneuvering to ensure that their national economies and militaries can compete in a strategic industry like AI, which can provide cumulative and infrastructural advantages."* These power dynamics between states are likely to affect international relations.

Digital conflict through intellectual property theft, disruption of infrastructure, and manipulation of financial systems have also negatively impacted economies. As reliance on digital technologies grows, so does economies' vulnerability to the far-reaching consequences of the Digital Cold War.

Developing and controlling emerging technologies, such as artificial intelligence, 5G networks, and quantum computing, have become strategic assets in this digital arms race, intensifying economic competition among nations. Currently, **"China's median download speed was just over 299 megabits per second in the third quarter of 2021 versus 93.73 megabits per second in the U.S., according to Speedtest, a company that measures internet speeds" (Kharpal, 2021).**

As nations grapple for control in the virtual realm, the consequences ripple through diplomatic channels and economic networks, reshaping the dynamics of the 21st-century global landscape. According to David Sloss, a Professor of Law at Santa Clara University, *"We need more cooperation between the tech companies and the government to design digital technology in a way that we can export it to the global South so that it helps reinforce democracy and helps push back against the spread of digital authoritarianism."* Navigating this digital battleground requires a delicate balance between innovation, security, and cooperation to ensure a stable and prosperous future for all nations involved.

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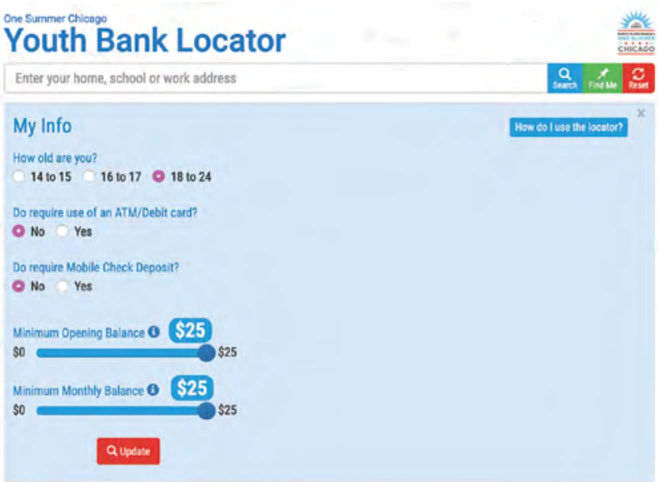

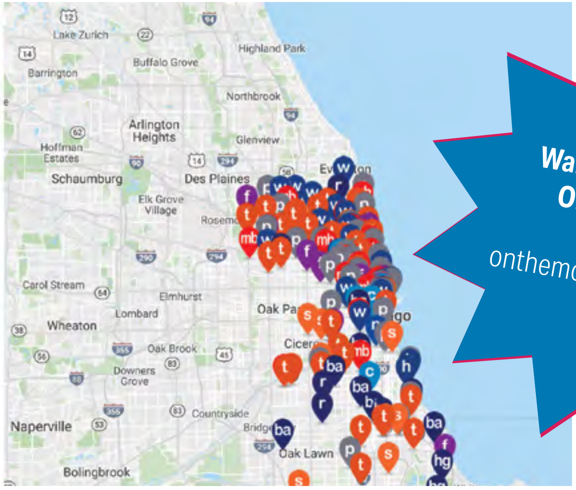

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