

# General Financial Literacy (2015): Grades 11, 12

Adopted 2015

**Students will understand how values, culture, and economic forces affect personal financial priorities and goals.**

**1. Analyze the role of cultural, social, and emotional influences on financial behavior. 1.1**

1. Evaluate the role of emotions, attitudes, and behavior in making financial decisions. 1.1.1
2. Recognize that individuals are responsible for their own financial decisions and for subsequent positive and negative consequences. 1.1.2
3. Relate instant satisfaction and delayed gratification to impulse buying and planned expenditures. 1.1.3
4. Describe the influence of social pressure and marketing strategies as related to purchasing decisions. 1.1.4
5. Explain how scarcity of financial resources affects wants and needs. 1.1.5
6. Understand the law of supply and demand as a major economic force. 1.1.6
7. Understand that the study of economics is a social science and personal finance is a subset of that social science. 1.1.7

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**2. Define a rational decision-making process and the steps of financial planning. 1.2**

1. Define opportunity costs (tradeoffs) and their role in decision making. 1.2.1
2. Describe a rational decision-making process. 1.2.2
3. Identify short- and long-term financial decisions and the impact they have on financial planning. 1.2.3
4. Define the elements of a financial plan. 1.2.4

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**3. Explain how setting goals affects personal financial planning. 1.3**

1. Identify spending habits and their connection to personal financial values. 1.3.1
  2. Identify and create short- and long-term financial goals. 1.3.2
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**Students will understand sources of income and the relationship between career preparation and lifetime earning power.**

**1. Identify sources of income and specific employability skills. 2.1**

1. Identify sources of income such as wages, commissions, investments, benefits, inheritance, and gifts. 2.1.1
2. Evaluate and compare career opportunities based on individual interests, skills, and educational requirements; the value of work to society; income potential; and the supply and demand of the workforce, including unemployment. 2.1.2
3. Compare the risks and rewards of entrepreneurship/self-employment. 2.1.3
4. Compare income to the cost-of-living in various geographical areas and the impact it has on purchasing power. 2.1.4
5. Understand the effects of state, local, and federal taxes and voluntary deductions on wages and income, the difference between gross and net income, and the similarities and differences between wages and income. 2.1.5

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**2. Understand and begin preparation for career and post-high school training. 2.2**

1. Recognize and explore the correlation between education, training, and potential lifetime income. 2.2.1
  2. Calculate the costs of post-high school training options and analyze the return on investment (ROI) based on career choices, including understanding the cost differences between public and private, and between nonprofit and for-profit education and training. 2.2.2
  3. Identify sources of funding to assist in post-high school education opportunities and the cost of repayment. 2.2.3
  4. Understand the use and advantages of 529 plans and the benefit of planning early for paying for the cost of post-secondary education and training. 2.2.4
  5. Understand the process for and benefits of FAFSA completion. 2.2.5
  6. Utilize the FAFSA4caster to explore the FAFSA process. Seek guidance from school counselors. 2.2.6
  7. Identify components to be included on a resume and/or electronic professional profile, such as appropriate contact information; educational, work, and volunteer experience; skills; certificates obtained; accomplishments; interests; and references. 2.2.7
  8. Identify sources and strategies for and benefits of networking for finding employment, whether for summer jobs or full-time career placement. 2.2.8
  9. Understand basic employment forms and processes, including W-2, W-4, and I-9. 2.2.9
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**Students will evaluate saving methods and investment strategies.**

**1. Describe and discuss financial institutions, and demonstrate how to manage personal financial accounts. 3.1**

1. Explain the role of the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Association (NCUA). 3.1.1
  2. Compare the roles of financial institutions and their services, such as banks, credit unions, investment or brokerage firms, insurance companies, and loan agencies. 3.1.2
  3. Demonstrate how to manage checking/debit and saving accounts, both manually and/or electronically, including reconciliation. 3.1.3
  4. Describe available consumer banking technologies. 3.1.4
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**2. Discuss the dynamics of saving and investing. 3.2**

1. Explain how paying yourself first (PYF) early and often influences positive progress toward long-term financial goals. 3.2.1
  2. Identify and understand basic saving options such as savings accounts and Certificates of Deposit. Understand that savings are designed to preserve principal. 3.2.2
  3. Identify and understand investment options, including retirement planning, long- and short-term investments, and dividend re-investment plans. Understand that investments put principal at risk. 3.2.3
  4. Identify types of long-term retirement investments, such as IRA, Roth IRA, 401(k), and 403(b), as well as reasons to invest. 3.2.4
  5. Demonstrate time value of money (TVM) principles by using the rule of 72 and by manipulating the five variables used in basic TVM calculations. 3.2.5
  6. Discuss the long-term investment potential associated with the stock market, focusing on fundamentals such as diversification, risk/reward, and investor behavior. 3.2.6
  7. Identify and define the types of financial risks, including inflation, deflation, and recession. 3.2.7
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**3. Understand the role of risk management in asset protection. 3.3**

1. Discuss the purposes of insurance/risk management. 3.3.1
  2. Define common insurance options and their purposes, such as automobile, health, home owner/renter, whole/term life, long-term care and disability. 3.3.2
  3. Define terms of a basic insurance policy, such as contract, limits of coverage, premium, deductible, grace period, and lifetime limit. 3.3.3
  4. Discuss insurance needs at different stages of life. 3.3.4
  5. Understand identification and designation of beneficiaries. 3.3.5
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**Students will understand principles of personal money management, including budgeting, managing accounts, and the role of credit and impacts on personal finance.**

**1. Identify and explain the process of budgeting based on calculated income. 4.1**

1. Develop a budget. 4.1.1
2. Identify and prioritize fixed, variable, and periodic budget categories. 4.1.2
3. Emphasize the importance of proactive budget priorities, such as pay yourself first, emergency/opportunity fund, insurance, and charitable or other voluntary contributions. 4.1.3
4. Discuss the pros and cons of charitable giving. 4.1.4
5. List ways and examples of charitable giving. 4.1.5
6. Compare tools for tracking of a budget, income and expenditures, such as the envelope system, paper tracking, and online or software options. 4.1.6
7. Emphasize the importance of comparison shopping, buying strategies, negotiation, and sales and marketing strategies in purchasing. 4.1.7
8. Identify the process, rights, and responsibilities relating to renting, leasing, and purchasing a home. 4.1.8
9. Identify the process, rights, and responsibilities relating to renting, leasing, and purchasing a vehicle. 4.1.9
10. Understand the similarities and differences between principal and interest on an amortization schedule. 4.1.10
11. Explain the purpose of co-signers and collateral when applying for a loan. 4.1.11

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**2. Describe and discuss the impact of credit and debt on personal money management. 4.2**

1. Discuss the purpose and role of credit and explain the value of building and maintaining a healthy credit rating, including elements of creditworthiness: character, capacity, capital, collateral, and conditions. 4.2.1
2. Explore and discuss the pros and cons of basic types of credit, such as unsecured vs. secured credit, credit cards, installment loans, revolving credit, student loans, and predatory lenders. 4.2.2
3. Describe the risks and responsibilities associated with using credit, such as APR, grace period, late fees, finance charges, default rates, interest, and closing costs. 4.2.3
4. Understand principal and interest calculations. 4.2.4
5. Calculate how long it takes to repay debt by making minimum payments on installment loans and revolving accounts. 4.2.5
6. Locate and use online calculators to determine how principal and interest aggregate monthly for long-term debt such as mortgages, vehicles, personal loans, and credit cards. 4.2.6
7. Evaluate the costs and risks of payday and predatory lending. 4.2.7
8. Describe the personal and societal effects of bankruptcy and identify circumstances that lead to bankruptcy, such as uninsured medical costs, family break-up, or loss of job. 4.2.8

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### **3. Explain and understand credit reports and scores. 4.3**

1. Identify the three major credit bureaus. 4.3.1
2. Understand the legal right to a free annual credit report (AnnualCreditReport.com). 4.3.2
3. Evaluate and identify components of a credit report, including derogatory remarks, and the warning signs of credit abuse, such as late fees, missed payments, collection notices, and bounced checks. 4.3.3
4. Explain the potential consequences of checking account mismanagement, such as non-sufficient funds (NSF) handling, overdraft processing, and the role of ChexSystems. 4.3.4

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### **4. Define rights and responsibilities of buyers and sellers under consumer protection laws. 4.4**

1. Understand financial contracts tied to consumer purchases, such as cell phone, cable or satellite plans, and membership fees. 4.4.1
2. Discuss the negative impacts of predatory and payday lending practices. 4.4.2
3. Identify ways to avoid identity theft and fraud, such as securing sensitive financial data, using care when participating in online commerce, avoiding phishing and pharming, and properly disposing of sensitive documents. 4.4.3
4. Understand how to recover from fraud and identity theft. 4.4.4
5. Discuss ways to avoid financial schemes such Ponzi schemes and other questionable and illegal practices. 4.4.5
6. Describe the negative consequences of gambling and playing the lottery. 4.4.6
7. Identify the pros and cons of online commerce, including how to conduct transactions safely. 4.4.7

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### **5. Students will understand the role of government in protecting the consumer. 4.5**

1. Explain the purposes and features of consumer protection laws. 4.5.1
2. Identify federal and state entities that exist to protect consumers from forms of fraud and abuse. 4.5.2