

# General Financial Literacy

Unit of Credit: Semester (.5)  
Grade Level: 11-12  
Prerequisite: None

## Introduction

The General Financial Literacy Core is designed for junior and senior students and represents those standards of learning that are essential and necessary for all students. The implementation of the ideas, concepts, knowledge, and skills contained in the General Financial Literacy Core will enable students to implement those decision-making skills they must apply and use to become wise and knowledgeable consumers, savers, investors, users of credit, money managers, citizens, and members of a global workforce and society.

The Core should be taught with respect for differences in learning styles, learning rates, and individual capabilities without losing sight of the common goals. Using a “hands-on” instructional approach involving techniques such as problem solving, reasoning, simulation, and direct application of the concepts of this Core to the world in which students live will empower them to incorporate the concepts of the General Financial Literacy Core into their lives. The General Financial Literacy Core will incorporate concepts and skills from mathematics, language arts, social studies, applied technology, character education, and applied service learning.

Beginning with the class of 2008 all students will be required to successfully complete the General Financial Literacy requirement to graduate.

## Intended Learning Outcomes

The Intended Learning Outcomes (ILOs) describe the skills and attitudes students should learn as a result of successful participation in the General Financial Literacy (GFL) course. Intended Learning Outcomes are an essential part of the GFL Core and provide teachers with a standard for evaluation of student learning. Significant understanding occurs when teachers incorporate ILOs in planning instruction for the GFL course.

By the end of the GFL course students will:

1. Be informed and prepared to be prudent managers of financial resources, enabling them to achieve long- and short-term financial goals and security.
2. Be engaged in establishing career goals that will provide adequate income and personal fulfillment.
3. Demonstrate an understanding of personal financial planning and sound money management skills.
4. Actively participate in and understand management of personal savings and investments.
5. Accept responsibility for and understand personal and societal consequences of financial decisions

# General Financial Literacy

## CORE STANDARDS & OBJECTIVES

### **Standard 1**

**Students will use a rational decision-making process to set and implement financial goals.**

#### **Objective 1**

Explain how goals, decision-making, and planning affect personal financial choices and behaviors.

- a. Discuss personal values that affect financial choices (e.g., home ownership, work ethic, charity, civic virtue).
- b. Explain the components of a financial plan (e.g., goals, net worth statement, budget, income and expense record, an insurance plan, a saving and investing plan).
- c. Compare short-term and long-term financial goals.
- d. Design a plan to reach a specific financial goal.
- e. List advantages of designing and following a personal financial plan.

#### **Objective 2**

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

- a. Explain how limited financial resources affect the choices people make.
- b. Describe the influence of peer pressure as it relates to purchasing decisions (e.g., fashion, acceptance from others, need for latest gadget).
- c. Explain how scarcity relates to needs and wants.
- d. Analyze the impact of marketing, advertising, and sales strategies/techniques on purchasing decisions (e.g., impulse buying, delayed payment).
- e. Evaluate the role of emotions when making financial decisions.

#### **Objective 3**

Relate financial decisions to personal and societal consequences.

- a. Recognize that individuals are responsible for their finances.
- b. Describe consequences of excessive debt (e.g., increased consumer costs, inflation, family instability).
- c. Describe the social and economic consequences of bankruptcy.

### **Standard 2**

**Students will understand sources of income and the relationship between income and career preparation.**

#### **Objective 1**

Identify various forms of income and analyze factors that affect income.

- a. Identify sources of income (e.g., wages, investments, self-employment).
- b. Compare common employee benefits (e.g., insurance, leave, retirement).
- c. Compare income to the cost-of-living in various geographical areas.
- d. Analyze how economic conditions affect income.

### **Objective 2**

Identify and understand required income withholdings.

- a. List the reasons for taxation and uses of tax revenues.
- b. Describe the purposes of Social Security and Medicare.
- c. Calculate net income from an employee payroll record.
- d. Demonstrate how to complete personal state and federal income tax forms.

### **Objective 3**

Analyze criteria for selecting a career and the impact of career choices on income and financial stability.

- a. Describe the correlation between income and a worker's skills, education, the value of the work to society, condition of the economy, and the supply and demand for workers.
- b. Develop career plan(s) that include educational requirements, skill development, and income potential.
- c. Analyze the costs and benefits of developing new skills for the workplace.
- d. Identify the risks and rewards of entrepreneurship/self-employment.

### **Standard 3**

**Students will understand principles of money management.**

#### **Objective 1**

Describe the role of planning and maintaining a balanced budget.

- a. Develop, monitor, and evaluate a personal budget.
- b. Discuss opportunity costs and trade-offs in budget implementation.
- c. Identify and discuss the social and personal consequences of not following a budget.
- d. Compare and evaluate various tools available for keeping track of budgets (e.g., envelope systems, computer programs, and paper tracking).
- e. Demonstrate knowledge of financial transactions, checking and savings accounts, and associated financial services.
- f. Demonstrate how to manage a checking account.
- g. Evaluate the impact of major purchases on budgeting (e.g., automobile, housing).

#### **Objective 2**

Understand credit uses and costs.

- a. Discuss the history and role of credit.
- b. List basic types of credit (e.g., credit cards, installment loans, service credit, revolving credit, student loans).
- c. Describe the risks and responsibilities associated with using credit.
- d. Identify methods of establishing and maintaining a good credit rating.
- e. Explain the purpose of co-signers and collateral when applying for a loan.
- f. Identify warning signs of credit abuse (e.g., late fees, missed payments, collection notices, bounced checks) and ways to correct credit problems.
- g. Calculate and compare costs associated with the use of credit (e.g., finance charges, interest, late fees, default rates, closing costs).
- h. Calculate how long it takes to repay debt and the total costs when a borrower makes minimum payments.

### **Objective 3**

Describe the impact of credit on money management.

- a. Compare the advantages and disadvantages of different payment methods.
- b. Compare the services of various types of financial institution (e.g., banks, credit unions, investment brokers, loan agencies) and identify advantages of comparison shopping before selecting financial services.
- c. Describe the relationship between a credit rating, the cost of credit, and factors that affect credit worthiness.
- d. Explain the value of credit reports and scores to borrowers and lenders.

### **Objective 4**

Describe the rights and responsibilities of buyers and sellers under consumer protection laws.

- a. Explain the purposes and features of consumer protection laws, agencies, and sources of assistance.
- b. Describe ways to avoid “identity theft” and fraud (e.g., keep Social Security numbers secure, properly dispose of outdated documents).
- c. Explain the importance of understanding financial contracts (e.g., disclosure information, grace period, payment penalties, method of interest calculation).
- d. List possible actions a consumer can take in response to excessive debt and collection practices (e.g., sell assets, negotiate a repayment schedule).
- e. Describe ways to avoid financial scams and schemes designed to defraud consumers (e.g., Ponzi and pyramid schemes, affinity fraud).

### **Objective 5**

Discuss the purposes of insurance and risk management.

- a. Identify common types of insurance (e.g., automobile, health, homeowner's, renter's, life, long-term disability) and their terminology (e.g., term, whole life, deductible, premium, grace period).
- b. Describe how insurance and other risk-management strategies protect against financial loss.
- c. Discuss insurance needs at various life stages.
- d. Identify the importance of estate planning (e.g., wills, trusts).
- e. Discuss the consequences of being under-insured.

#### **Standard 4**

**Students will understand saving, investing, and retirement planning.**

#### **Objective 1**

Describe the value of saving in the financial planning process.

- a. Identify ways to save (e.g., payroll deduction).
- b. Analyze reasons to save.
- c. Explain how government regulations protect savers.

#### **Objective 2**

Describe the value of investing and types of investments in the financial planning process.

- a. Identify and explain types of investment vehicles (e.g., stocks, bonds, real estate, hard assets).
- b. Identify strategies for investing (e.g., diversification, dollar-cost averaging).
- c. Compare long-term and short-term investments.
- d. Explain how government regulations can protect investors.
- e. Compare various sources of investment information (e.g., prospectuses, annual reports, financial publications, online information) and ways to buy/sell investments (e.g., full service and discount brokers, investment advisors, online brokers).

#### **Objective 3**

Compare savings and investments.

- a. Compare the risk, return, liquidity, and costs for savings and investments.
- b. Explain the effects of inflation on savings and investments.
- c. Describe the concept of the time value of money.
- d. Analyze the relationship between risk and return.
- e. Describe appropriate financial products for different financial goals (e.g., savings

accounts, stocks).

**Objective 4**

Analyze financial preparation for retirement.

- a. Relate financial resources needed for specific retirement activities and lifestyles.
- b. Compare the characteristics of retirement plans (e.g., individual, employer-sponsored, Social Security).
- c. Evaluate the role of individual responsibility in planning for retirement.
- d. Analyze the power of compound interest and the importance of starting early in implementing a financial plan for retirement.