

## **Personal Finance**

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### **Course Description**

Personal Finance is a course designed to inform students how individual choices directly influence occupational goals and future earnings potential. Real world topics covered will include income, money management, spending and credit, as well as saving and investing.

### **Learning Expectations:**

Students will design personal and household budgets; simulate use of checking and saving accounts; demonstrate knowledge of finance, debt, and credit management; and evaluate and understand insurance and taxes. This course will provide a foundational understanding for making informed personal financial decisions.

#### **Standard 1: Income**

##### **Performance Indicators:**

The student will:

1.1 Interpret factors affecting income

- a. Career choices and potential income
- b. Educational requirements/training costs
- c. Educational level

1.2 Analyze employer benefits packages

- a. Savings plan
- b. Retirement
- c. Insurance
- d. Leave (vacation, sick, etc.)
- e. Stock purchase
- f. Educational reimbursement
- g. Incentive plans
- h. Cafeteria plan

1.3 Demonstrate an understanding of inflation and its effect on purchasing power

- a. Cost and availability of goods
- b. Effect of cost on availability of and demand for goods
- c. Inflation's effect on the value of money

1.4 Examine the components of paying taxes

- a. Types of taxes (Federal, State, County, City)
- b. Personal and employer tax responsibilities
- c. Various documents for reporting taxes (W-2, W-4, 1040, 1040-EZ, 1099, etc.)

1.5 Analyze the costs and benefits of paying taxes

- 1. Cost of government services (Police and fire protection, schools, roads, Social Security, AFDC, parks and recreation, etc.)

#### **Standard 2: Money Management**

##### **Performance Indicators:**

The student will:

2.1 Apply a decision making process to personal financial choices

2.2 Design a current personal financial plan

2.3 Create a realistic household budget that includes the following items:

1. Short-term components—saving and spending (housing, utilities, food, entertainment, clothing, transportation, personal items, insurance, etc.)
2. Long-term components—saving and spending (estate planning, wills, insurance, long-term care)

#### 2.4 Understand banking procedures and services

1. Checking and savings accounts (maintaining and reconciling)
2. Bank service fees
3. Payment methods
4. Debit, bank, and automatic teller machine (ATM) cards
5. Loans

#### 2.5 Analyze personal risk management (insurance)

1. Health
2. Life
3. Homeowners
4. Auto
5. Renters
6. Disability
7. Long-term care

### **Standard 3: Spending & Credit**

#### **Performance Indicators:**

The student will:

##### 3.1 Demonstrate knowledge of basic principles of consumer finance

1. Credit worthiness
2. Comparison shopping
3. Purchases
4. Goods/ Services
5. Consumer loans/credit life insurance
6. Opportunity cost
7. Consequences of purchasing choices

##### 3.2 Demonstrate awareness of consumer protection and information

1. Personal responsibility
2. Laws and regulations
3. Legal documents, including contracts
4. Consumer protections
5. Crimes against consumers
6. Fraud/Scams
7. Loan Sharking
8. Identity theft/protection
9. Credit reporting services (Equifax, Trans Union, Experian, etc.)
10. Rental/ Lease

##### 3.3 Analyze consumer debt management

1. Credit card use and abuse
2. Credit costs (interest [including APR], penalties, fees, credit score, etc.)
3. Loan consolidation (benefits and disadvantages)
4. Credit Counseling

5. Credit problems including bankruptcy, foreclosure, repossession, surrender of collateral (turn back), delinquency, garnishment, effect on employment and purchase of insurance, etc.

3.4. Examine various forms of credit payment

1. Installment
2. Bank draft
3. Lay Away
4. Electronic (Internet, debit card, electronic transfer, credit card)

3.5 Compare/contrast various types of loans

1. Mortgage
2. Balloon
3. Installment
4. Education/Training loans
5. Check cashing businesses
6. Personal
7. Secured and unsecured
8. Line of credit
9. Equity
10. Title loans
11. Pawn shops

**Standard 4: Saving & Investing**

**Performance Indicators:**

The student will:

4.1 Identify reasons for saving & investing

1. Education
2. Emergencies/rainy day
3. Short term goals
4. Long term goals
5. Retirement
6. Down payment

4.2 Evaluate methods of saving

1. Certificates of Deposit
2. Interest bearing savings account (Passbook savings)
3. Individual Retirement Account (IRA)—Roth and traditional
4. Pension plans (401K, 403B, annuities, etc.)
5. Education savings plans

4.3. Evaluate methods of investing

1. Stocks and bonds
2. Mutual funds
3. Real estate
4. Annuities
5. Business

4.4 Appraise other aspects of saving and investing

1. Diversification
2. Time value of money
3. Compound growth/ Accrued interest

4. Rule of 72 (divide interest rate into 72 to determine number of years in which money will double)
  5. Risk and return
- 4.5 Identify regulatory agencies and their functions
1. Federal Deposit Insurance Corporation (FDIC)
  2. Securities Exchange Commission (SEC)
  3. Federal Reserve
  4. Internal Revenue Service (IRS)