DATE: March 23, 2010

TO: BOARD OF EDUCATION

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: REPORT ON FINANCIAL LITERACY

ORIGINATOR: Judith Smith, Executive Director, Department of Liberal Arts

RESOURCE PERSONS: Rex M. Shepard, Coordinator, Secondary Social Studies

INFORMATION

That the Board of Education receives an update/overview of existing programs and plans to comply with MSDE financial literacy standards

* * * * *

Attachments: Financial Literacy in Baltimore County Public Schools
Power Point Presentation: Personal Financial Literacy Education
The Maryland State Curriculum for Personal Financial Literacy Education
Emerging Opportunities in Financial Literacy

While financial literacy has been imbedded within the Baltimore County Public Schools (BCPS) curricula for over three decades, recent market failures and alarming misuse of credit has heightened concerns regarding instructional programs supporting economic decision-making. Within the state of Maryland, several school systems have followed the lead of Baltimore County by requiring students to complete a course in financial literacy. Governor O’Malley has appointed a task force to investigate the merits of mandating a course in financial literacy statewide. Ongoing developments are presenting new opportunities for fostering financial literacy within our schools. For example:

- First Financial Federal Credit Union has established student-operated branch offices at Dundalk High School, Lansdowne High School, and Eastern Technical High School. The goals of this program are to provide high school students experience in the financial services career field and provide them access to financial services during the school day. The branches are operated during lunch hours by student interns under the direction of faculty advisors. Student members can open new accounts, make deposits, make limited cash withdrawals, and receive information regarding credit union services. The student-run branches operate in an off-line environment with final processing of transactions taking place at the main office of First Financial Federal. This program is one of the many services First Financial Federal has provided to support schools and students.

- Six BCPS high schools have piloted Ever-Fi, an interactive Web site that requires students to make economic decisions within a virtual world, during the first semester of the 2009-2010 school year. Additionally, Ever-Fi was demonstrated to high school social studies department chairs in November. Ever-Fi reinforces the concepts and objectives of Personal Economics and provides differentiation that supports success for all students. Initial reports from teachers support continued use of Ever-Fi. A proposal for expanded use of Ever-Fi will be presented to the area assistant superintendents after all evaluation forms have been collected and analyzed.

- The Maryland Council of Economic Education (MCEE) is seeking additional grant funding to provide increased levels of materials and training for school systems. MCEE materials and training are fundamental elements within our instructional programs for financial literacy.

- BCPS will have representation on the Maryland Coalition for Financial Literacy as recommended by Board member, David Uhlfelder. The coalition will offer another opportunity for BCPS to be proactive in the efforts to teach students financial skills and create better educated and prepared consumers in our society.
In response to the report by the Task Force to Study How to Improve Financial Literacy in the State, MSDE established a Financial Literacy Education Design Team. The team has reviewed national standards, examined the curricula being implemented in other states, and provided guidance and advice to MSDE in the development of standards for financial literacy education. BCPS was represented on the team by the coordinators of elementary and secondary social studies. The standards will be presented to the Maryland State Board of Education on January 26, 2010. After approval by the Maryland State Board of Education, MSDE plans to release the standards for public approval in late February 2010.

Junior Achievement continued its contributions to the school system during the 2008-2009 school year. Junior Achievement served 4,434 students and provided 2,105 hours of service. BizTown, an experiential program that engages students through simulated economic decision-making, enrolled 1,366 students. Junior Achievement is planning to offer Finance Park, a middle school version of BizTown, to school systems in central Maryland. Representatives from curriculum and instruction will visit a Finance Park facility in Delaware in the spring 2010, and determine possible applications for BCPS students.

Status Report of Financial Literacy

BCPS, as the first school system in Maryland to establish an economics course (.5 credit) as a graduation requirement, has required students to demonstrate proficiency in financial literacy for over 30 years. BCPS defines financial literacy as the knowledge and skills required for students to make rational choices within personal economics. These choices are based upon understandings of basic economic concepts, analysis of economic issues, and use of economic decision-making models. Financial literacy incorporates content and skills that can be applied to students’ present circumstances and the economic challenges of adulthood. The goal of financial literacy is a citizenry that prospers personally and contributes to the economic well-being of the region, nation, and world. In Maryland, financial literacy is included in the Maryland State Curriculum documents for social studies, family and consumer sciences, and business education. As stated in the previous section, MSDE is currently developing content standards for financial literacy for the elementary, middle, and high school levels. MSDE anticipates that the approval process and additions to COMAR will be completed within the 2009-2010 school year, that school systems will receive a waiver for the 2010-2011 school year, and that compliance will be required in the 2011-2012 school year. MSDE is not currently recommending mandated courses or that demonstrated proficiencies in financial literacy be a graduation requirement. It is anticipated that school systems will be permitted to design their own programs so that students meet the financial literacy standards. MSDE anticipates the use of partnerships and its resources to provide professional development and resources for school districts, especially in the elementary level.

Professional development and materials supporting instruction in financial literacy have been provided through the ongoing services of MCEE. Its generous donations of materials such as Wallet Wisdom and Financial Fitness, ongoing training sessions for elementary and secondary teachers, support of instruction in social studies and career and technology education programs,
and annual updates for Economics and Public Issues teachers are important factors in our successes in financial literacy.

Financial Literacy in the Elementary Schools

The foundations for understanding economics are introduced in Grade 1 social studies and are continued throughout the elementary grades. Concepts such as specialization, economic wants, opportunity costs, resources, and trade are developed within personal and global contexts. For example, Econ and Me, a unit in Grade 3, introduces students to the concepts of scarcity, opportunity cost, and consumption as frameworks for economic decision-making. Students in Grades 4 and 5 then apply economic concepts and analyze economic decisions within the contexts of colonial America and the founding of the republic.

Financial Literacy in the Middle Schools

Applications of financial literacy in middle school social studies are guided by the Maryland State Curriculum. Applications of economic concepts and analysis of economic decisions are undertaken in global and historic contexts in the middle school. By the completion of Grade 8, students in social studies have had opportunities to explore topics such as use of resources, economic development, trade, economic systems, government intervention and control, diversification, technology, transportation and distribution, and geographic impacts.

Financial literacy regarding college expenses is addressed in College Ed materials. Additionally, financial literacy is a component of the Personal Financial Literacy Supplement for the Family Consumer Sciences Curriculum Guides in Grades 7 and 8. Topics include budgeting, borrowing, money management, and consumer rights. These courses are currently taught in four middle schools.

Financial Literacy in the High Schools

Applications of economic concepts within historical and governmental contexts as defined by the Social Studies Voluntary State Curriculum continue through Grade 11. In Grade 12, BCPS’ students are required to complete a one-half credit economics course, Economics and Public Issues (EPI) or Advanced Placement Macro and Micro Economics for one credit. The first unit within EPI is Personal Economics. This unit approaches economics as an exercise in decision-making, guided by concepts of scarcity and marginal analysis. These concepts are applied to issues related to savings, financial services, investment, credit, insurance, taxes, and budgeting. Since students are at or approaching the age of majority, Personal Economics has direct and immediate relevance. Students are analyzing economic issues in the classroom that are the economic issues they are encountering at that moment in their lives. Personal Economics is followed by units that apply economic concepts to the marketplace and to national and international policy issues. As a result, students have had opportunities to analyze their adult roles as consumers, producers, and citizens in the economic system of the United States and the global marketplace.
Financial literacy concepts are components in all family and consumer science courses. Special emphasis is placed on personal financial literacy in Independent Living, Decisions in Family Living, and Child Development I and II. The curriculum for Independent Living was revised and included in the Family Economics and Financial Education (FEFE) materials that were selected by MSDE to support financial literacy in Maryland after a review of a number of different products. This initiative is being supported with ongoing professional development. BCPS business and family and consumer sciences teachers participated in the summer professional development series sponsored by MSDE on the FEFE materials. FEFE materials are for middle and high school implementation.

Financial literacy within business education is addressed in e-business, accounting, principles, and marketing courses. Direct instruction in financial literacy is provided within Financial Management Using Software Applications, a requirement for Business, Management, and Finance Cluster career completers. Competencies in financial literacy are reinforced through software simulations and co-curricular activities such as the Future Business Leaders of America (FBLA).

As demonstrated above, BCPS has existing strategies for instruction in financial literacy. BCPS is in a strong position to meet and exceed new financial literacy standards due to:

- Foundations provided by current instruction and programs.
- Support of MSDE through dissemination of resources and professional development.
- Existing partnerships with financial institutions and the MCEE.
- Access to resources such as SunAmerica KIDS.
- Plans to revise the curriculum guide for Economics and Public Issues and in additional curriculum and instruction (C&I) initiatives.
- Timeframe of one and one-half years to fully implement appropriate instruction that meets additional demands of the financial literacy standards.

Meeting the new financial literacy standards will require collaboration among departments within C&I, in particular the Offices of Social Studies, Mathematics, Family Studies, and Business Education. Questions regarding the instruction toward developing financial literacy include:

- What gaps exist between current practices and the proposed financial literacy standards?
- How will instruction be sequenced and structured in the elementary, middle, and high school levels?
- Which disciplines offer the most appropriate opportunities for instruction?
- How will connections among grade levels and disciplines be established for students so that instruction does not occur as isolated experiences?
- How can opportunities for developing financial literacy in family studies be extended to all middle school students?
The public sense of urgency and increased resources that are being provided by our supporters in the community complement our ongoing attention to financial literacy. As evidenced by these partnerships and program development, we can assure our community that students are and will continue to be financially literate. As stated in the *Blueprint for Progress*, BCPS will always strive to maximize students’ “potential as responsible, productive citizens in a global economy.”
The Maryland State Curriculum for Personal Financial Literacy Education
The Maryland State Curriculum for Personal Financial Literacy Education

MARYLAND STATE BOARD OF EDUCATION

Nancy S. Grasmick
Secretary-Treasurer of the Board
State Superintendent

James H. DeGraffenreidt, Jr., President
*Charlene M. Dukes, Vice President

Mary Kay Finan
Donna Hill Staton
S. James Gates, Jr.
Ivan C. A. Walks

Madhu Sidhu
Kate Walsh
Guffrie M. Smith, Jr.
David H. Murray

Maryland State Department of Education

Katharine M. Oliver
Assistant State Superintendent
Division of Career and College Readiness

Lynne M. Gilli,
Program Manager
Career and Technology Education
Instructional Branch

Marquita Friday
Lead Specialist, Career and Technology Education

Colleen Seremet
Assistant State Superintendent
Division of Instruction

Dixie Stack
Director
Division of Instruction
Curriculum Branch

Donna Olszewski
Specialist, Social Studies

Luke Rhine
Specialist, Career and Technology Education

The Maryland State Department of Education does not discriminate on the basis of race, color, sex, national origin, sexual orientation, religion, or disability in matters affecting employment or in providing access to programs. For inquiries related to department policy, please contact:

Equity Assurance and Compliance Branch
Maryland State Department of Education
200 West Baltimore Street – 6th floor
Baltimore, Maryland 21201-2595
410-767-0433 (voice), 410-767-0431 (fax) 410-333-6442 (TTY/TTD)

Excerpted from Wisconsin's Model Academic Standards for Personal Financial Literacy with permission from the Wisconsin Department of Public Instruction, 125 South Webster Street, Madison, Wisconsin 53703, 1-800-243-8782
Special appreciation is extended to Dr. Deborah Mahaffey, Assistant State Superintendent in the Wisconsin Department of Public Instruction for granting MSDE permission to excerpt content from Wisconsin's Model Academic Standards for Personal Financial Literacy for use in the development of the Maryland State Curriculum for Personal Financial Literacy Education.

*Member of the Task Force to Study How to Improve Financial Literacy in the State

© 2010 by Maryland State Department of Education

Initial publication January 2010

This publication is available at the following website address: mdk12.org
# Table of Contents

A Letter from the State Superintendent................................................................. 4

Acknowledgments................................................................................................. 5

Introduction:

The Process and Rationale for Developing Personal Financial Literacy Standards .......... 7

Overview of Personal Financial Literacy Standards

1. Make Informed, Financially Responsible Decisions.............................................. 10

2. Relate Careers, Education and Income.............................................................. 13

3. Plan and Manage Money .................................................................................. 16

4. Manage Credit and Debt .................................................................................. 19

5. Create and Build Wealth .................................................................................. 22

6. Manage Risks and Preserve Wealth ................................................................ 25

Glossary.................................................................................................................. 28
A Letter from the State Superintendent

Dear Colleague:

Maryland is fortunate to lead the nation in providing a quality education for students. Our state also benefits from having a vibrant economy. As the requirements for the global economy have changed, so have the educational needs of our students. Today, more than ever before, graduates must be financially literate in order to be prepared for college, careers, and responsible living. Maryland students in all grades need to learn about personal finance in order to make wise decisions and lead prosperous lives. Thus, it is imperative that Maryland’s public schools be at the forefront in providing financial literacy education.

One of the steps our state has taken is to develop and implement the *Maryland State Curriculum for Personal Financial Literacy Education*. This critical initiative is a true reflection of collaboration and cooperation. I thank Delegate Dana Stein and Senator Anthony Muse for their leadership as co-chairs of the Task Force to Study How to Improve Financial Literacy Education in the State. I also want to acknowledge members of the Maryland State Department of Education’s Financial Literacy Education Advisory Council and Design Team who gave freely of their time and expertise to develop the standards. The efforts of these committees were also graciously supported by representatives of the business community, non-profit entities, higher education, and government. I am grateful to their employers for granting their time and talent to develop the state curriculum.

This document is designed to assist educators in developing and evaluating curricula that align with the standards, indicators, and objectives. The state curriculum was developed by the Design Team in cooperation with the Advisory Council and staff members from the Division of Career and College Readiness and the Division of Instruction. The curriculum, based on the *JumpStart National Standards in K-12 Personal Finance Education* as well as *Wisconsin’s Model Academic Standards for Personal Financial Literacy*, reflects a broad definition of personal finance and includes the application of knowledge and skills that can be embedded in existing courses across the learning levels or addressed through stand-alone courses.

The current generation of students faces more financial choices than any previous generation. It is important to prepare students with the knowledge and skills to meaningfully evaluate these choices. Planning for a career, earning an income, and saving money are essential to financial success. While many school systems offer financial literacy education, it is time to expand access so that all students have a sound foundation on which to plan their future and accomplish their goals. With the implementation of the state curriculum, the next generation of graduates will leave high school better prepared for their future financial stability.

Nancy S. Grasmick
State Superintendent of Schools
Acknowledgements

The Maryland State Curriculum for Personal Financial Literacy Education would not have been possible without the efforts of many people. Members of the Task Force to Study How to Improve Financial Literacy in the State, Members of the Financial Literacy Education Advisory Council and the Financial Literacy Education Design Team freely gave their time and expertise in developing the state curriculum. In addition, their employing agencies generously granted them time to work on this initiative. The members are as follows:

Advisory Council

*Dr. Lynne Gilli, Co-chair
Maryland State Department of Education

Mr. Blake Allison
Financial Education and Literacy Advisors

Mr. Donald Arnold
VALIC Financial Advisors, Inc.

*Ms. Kulley Bancroft
Sandy Springs Bank

Ms. Diane Bell-McKoy
Associated Black Charities

Ms. Jennifer Bodensiek
Junior Achievement of Central Maryland

Mr. John Cammack
Mutual Fund Education Alliance

Mr. Chris Conway
Educational Systems FCU

Ms. Marquita Friday
Maryland State Department of Education

Mr. Robert Ganem
Financial Industry Regulatory Authority Investor
Education Foundation

Ms. Wendy Gordon
State Employees Credit Union

Ms. Betty Habershon
Prince George’s County Community College

Mr. James Harris
Consumer Credit Counseling Service of Maryland

*Ms. Mary Anne Hewitt
Maryland Council on Economic Education

Mr. Sheldon Caplis, Co-chair
Citi Community Regional Director

Mr. Thomas Hipp
Montgomery County Public Schools

Ms. Brooke Hodges
Bank of America

Ms. Sandra Holt
Parent Teacher Association

Mr. Jonathan Ivry
Student, Charles E. Smith Jewish Day School

Ms. Marjorie R. Lohnes
Carroll County Public Schools

*Ms. Robin McKinney
MD Cash Campaign

Ms. Lourdes Montes-Greenan
PNC Bank

Ms. Kathleen Murphy
Maryland Bankers Association

Ms. Donna Olszewski
Maryland State Department of Education

Mr. Luke Rhine
Maryland State Department of Education

Mr. J. Michael Riley
M&T Bank

Mr. Stuart Ritter
T. Rowe Price

Ms. Christa Spalding
Howard Bank
Advisory Council – Continued

Ms. Dixie Stack
Maryland State Department of Education

Ms. Meg Woodside
The Woodside Foundation Trustee

*Ms. Jane Stern
MSEA Retired/Substitute Teacher

Design Team

Ms. Marquita Friday, Co-chair
Maryland State Department of Education

Mr. Luke Rhine, Co-chair
Maryland State Department of Education

Ms. Diana Bailey
Maryland State Department of Education

Mr. Michael Linkins
Maryland State Department of Education

Ms. Jennifer Bodensiek
Junior Achievement of Central Maryland

Ms. Marjorie R. Lohnes
Supervisor of Career and Technology Education, Carroll County Public Schools

*Mr. Randall Cerveny
Maryland State Teachers Association

Ms. Tina Nelson
Baltimore County Public Schools

*Mr. Allen Cox
Maryland Council for Financial Literacy

Ms. Donna Olszewski
Maryland State Department of Education

Ms. Mary Davis
Anne Arundel County Public Schools

Mr. Rex Shepard
Baltimore County Public Schools

Dr. Annette Donawa
Maryland State Department of Education

Ms. Judith Spector
Walt Whitman High School, Montgomery County

Ms. Cheryl Doughty
James M Bennett High School, Wicomico County

Mr. Brian Clifton Tate, Esq.
Maryland and District of Columbia Credit Union Association

Ms. Christine Hines
Southern Middle School, Anne Arundel County

Ms. Danielle Thron
State Employees Credit Union

Ms. Debra Larson
Wicomico High School, Wicomico County

Ms. Teresa Willis
Maryland Parent Teacher Association

Ms. Tenikka LeBlanc
Charles Herbert Flowers High School, Prince George’s County

*Member of the Task Force to Study How to Improve Financial Literacy in the State
Developing State Curriculum for Personal Financial Literacy

In the 2008 session of the General Assembly, Delegate Dana M. Stein of Baltimore County and Senator C. Anthony Muse of Prince George's County sponsored Senate Bill 533 (Chapter 186) and House Bill 1242 (Chapter 187) which established the Task Force to Study How to Improve Financial Literacy in the State. The legislation required the appointment of the task force co-chaired by Delegate Stein and Senator Muse. In January of 2009, the State Board of Education was asked to respond to and act on the K-12 portion of the recommendations and subsequently accepted the Task Force's report. Under the leadership of Dr. Nancy Grasmick, State Superintendent of Schools, staff members identified the following action steps:

1. The Maryland State Department of Education (MSDE) will form a representative design team to ensure that K to 12 content standards are developed that explicitly speak to financial literacy. The design team will explore both national and international standards as they complete their work.

2. The MSDE will provide a prototype of a course that local school systems can use to teach financial literacy concepts to middle and high school students. The prototype will be based on the Family Economics and Financial Education (FEFE) curriculum which is aligned to the national JumpStart and Family and Consumer Sciences Education standards. In August of 2008, MSDE sponsored the first statewide professional development series on the FEFE curriculum which has been successfully implemented in several local school systems. Future professional development will be provided on the FEFE curriculum.

3. The MSDE will convene an advisory group to engage local representatives from education and the financial communities to monitor what is happening in local school systems and to help leverage resources to implement and improve financial literacy education.

In May of 2009, Dr. Grasmick appointed members to the Financial Literacy Education Advisory Council and the Financial Literacy Education Design Team. The Advisory Council was charged with overseeing the work of the Design Team and helping to leverage resources for financial literacy education. The Design Team was charged with developing the Maryland State Curriculum for Personal Financial Literacy Education, including content standards, indicators, and objectives. The Advisory Council and Design Team members collaborated to identify, refine, review, and agree on content standards for personal financial literacy education in several meetings between June of 2009 and December of 2009. Between each meeting, a seven-person MSDE staff team researched and further refined the material developed by the members (members' names and affiliations are included in the acknowledgements). This document represents the culminating work of the Advisory Council and Design Team.

What is Financial Literacy and Financial Literacy Education?

The President's Advisory Council on Financial Literacy defines personal financial literacy as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being." It goes on to define financial education as "the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being" (2008 Annual Report to the President).
Implementing the State Curriculum

When employers consider what they want employees to know and be able to do, they often speak of broad areas of applied knowledge, such as communication, thinking, technology, learning, and interpersonal skills. In Maryland, these are known as Skills for Success. These areas connect or go beyond the mastery of individual subject areas. As students apply their knowledge both within and across the various curricular areas, they develop the concepts and complex thinking of an educated person.

Community members need these skills to function responsibly. Employers prize those employees who demonstrate these skills because they are people who can continue learning and connect what they have learned to the requirements of a job. College and university faculty recognize the need for these skills as the means of developing the level of understanding that separates the expert from the beginner. Graduates also need to be financially literate as they prepare for college and careers, thus the standards are developed to be embedded across the curriculum in the same manner that the Skills for Success were intended to be applied. Teachers in every class should expect and encourage the development of these shared applications, both to promote the learning of the subject content and to extend learning across the curriculum.

Today’s students need a strong foundation in personal finance to help them budget and manage their money. Many students work during high school; some even have credit cards in their own names. After high school, young people often make uninformed decisions that can negatively impact their credit ratings and their ability to gain a security clearance for employment. With the nation currently in the midst of a financial crisis, far too many people are deeply in debt and are faced with the reality of losing their homes and their financial security. The events of the last decade point to the need for a more focused approach to personal finance instruction for students, both while they are in school and in the future. The state curriculum lays the foundation for a new generation of competent, confident, and financially literate adults.

The knowledge and skills set forth in the personal financial literacy standards cross all grade levels and disciplines. A comprehensive, developmentally appropriate program that spans from pre-kindergarten through grade 12 can promote personal financial literacy throughout numerous curricular areas. Educators from all grade levels can use the financial literacy standards to align instruction and create curriculum and activities designed to instill within students a desire to be financially literate. The standards are intended to help school leaders develop programs that provide the knowledge and skills to establish sound financial habits.

The standards also allow for stand-alone courses in specific content areas, including Social Studies, Economics, elective Business classes, and Family and Consumer Sciences (FACS). In Maryland, teachers in FACS are often opting to offer courses in financial literacy education available through the Family Economics and Financial Education (FEFE) curriculum designed for use with both middle and high school students.

The Maryland Personal Financial Literacy State Curriculum can help teachers work together to develop and implement curricula that will support students for life. Preparing young people to understand and actively participate in their own financial well-being is a vital personal skill: The economic stability of our communities and the resulting growth of our state's economy are influenced by personal financial literacy.
Questions about Financial Literacy Education

1. **Will Financial Literacy Education be required of every student?**
   The *State Curriculum for Personal Financial Literacy Education* provides standards, indicators, and objectives for use in creating local curricula – thus defining what students should know and be able to do. Local leaders will choose the approach to implementation and determine how best to provide students with instruction across the learning levels. Once the state curriculum is adopted into COMAR by the Maryland State Board of Education, the content is required to be taught to all students. It will be up to each local school systems’ instructional leaders to determine how it is done. While there will not be a stand-alone graduation requirement, local leaders may decide to offer stand-alone courses in financial literacy education or embed the content in other courses. As with current practice, local school boards could also include financial literacy education as a local graduation requirement.

2. **Why are content standards necessary?**
   Standards serve as rigorous goals for teaching and learning. Setting high standards enables students, parents, educators, and the community to know what students should have learned at any given point in time. Without clear goals, instruction can become redundant or confusing to students. Clear statements about what students must know and be able to do are essential to ensure that schools offer students the opportunity to acquire the knowledge and skills necessary for success.

3. **What is the difference between standards and curriculum?**
   Standards are a statement about what students should know and be able to do. Standards can then be translated into curriculum. Curriculum is the program devised by local school systems used to prepare students to meet standards, which consists of activities and lessons at each grade level, instructional materials, and various instructional techniques. In short, standards define what is to be learned at certain points in time, and from a broad perspective, what performances will be accepted as evidence that the learning has occurred. Curriculum specifies the details of the day-to-day schooling at the local level.

4. **Why are state-level standards important?**
   Public education is a state responsibility. All children must have equal access to high quality educational programs. At a minimum, this requires clear statements of what all children in the state should know and be able to do as well as evidence that students are meeting these expectations. Furthermore, academic standards form a sound basis on which to establish the content of local curriculum.

5. **How will local school systems use the standards?**
   Districts use the standards as guidelines for developing local grade-by-grade level curriculum. Implementing standards will likely require changes in curriculum and instruction, as well as create the need for teacher professional development.

6. **What is the State Curriculum?**
   The State Curriculum is the document that includes the Maryland Content Standards that define what students should know and be able to do at each grade level. The curriculum documents are formatted so that each begins with content standards or broad, measurable statements about what students should know and be able to do. Indicator statements provide the next level of specificity and begin to narrow the focus for teachers. Finally, the objectives provide teachers with very clear information about what specific learning should occur.

© 2009 by Maryland State Department of Education
STANDARD 1: MAKE INFORMED, FINANCIALLY RESPONSIBLE DECISIONS --
Students will apply financial literacy reasoning in order to make informed,
financially responsible decisions.

GRADERS 3 – 5
BY THE END OF GRADE 5, STUDENTS WILL:

1.5.A Explain that people make financial choices based on available resources, needs, and wants.

   1.5.A.1 Explain the consequences of making financial decisions.
   1.5.A.2 Identify opportunity cost of financial decisions made by individuals.
   1.5.A.3 Apply the steps in the decision-making process to a financial situation.
   1.5.A.4 Describe the concept of financial obligations, such as borrowing and "IOUs".

1.5.B Explain attitudes, assumptions and patterns of behavior regarding money, saving, investing, and
work and how they affect personal consumer decisions.

   1.5.B.1 Identify factors that affect personal financial decisions and actions.
   1.5.B.2 Explain philanthropy, volunteer service and charities.

1.5.C Apply financial knowledge, attitudes, and skills.

   1.5.C.1 Develop and apply financial literacy vocabulary.
   1.5.C.2 Describe different ways in which consumers plan their purchasing decisions.
   1.5.C.3 Identify personal financial goals.
   1.5.C.4 Identify examples of responsible financial decision.

1.5.D Describe different types of retail markets.

   1.5.D.1 Describe market situations where buyers and sellers meet to exchange goods and
services.
   1.5.D.2 Identify markets that are not face-to-face meetings such as Internet shopping and catalog
shopping.
PERSONAL FINANCIAL LITERACY

STANDARD 1: GRADES 6 – 8

BY THE END OF GRADE 8, STUDENTS WILL:

1.8.A Analyze the financial choices that people make based on available resources, needs, and wants for goods and services.
   1.8.A.1 Predict the consequences of making financial decisions.
   1.8.A.2 Describe opportunity cost of financial decisions made by individuals.
   1.8.A.3 Predict the financial outcomes in an applied decision-making process.
   1.8.A.4 Explain the concept of financial obligations, such as promissory notes and contracts.
   1.8.A.5 Describe the legal and ethical factors involved in making personal financial decisions.

1.8.B Analyze attitudes, assumptions, and patterns of behavior regarding money, saving, investing, and work including the impact on relationships.
   1.8.B.1 Compare factors that affect personal financial decisions and actions.
   1.8.B.2 Connect the role of philanthropy, volunteer service, and charities to community development and quality of life.
   1.8.B.3 Examine individual differences in decisions made as a consumer.

1.8.C Integrate and apply financial knowledge, attitudes, and skills.
   1.8.C.1 Develop and apply financial literacy vocabulary.
   1.8.C.2 Develop an informed and responsible action to resolve personal financial literacy questions and issues.
   1.8.C.3 Describe methods to achieve personal financial goals.
   1.8.C.4 Differentiate between responsible and irresponsible financial decisions.

1.8.D Compare different types of markets
   1.8.D.1 Compare at least three markets that sell similar goods and services and explain how factors, such as cost, material quality and durability affect consumer decisions.
   1.8.D.2 Identify fees associated with markets that are not face-to-face such as shipping and handling.

1.8.E Analyze the economic impacts of government, business, and consumer financial decisions.
   1.8.E.1 Form hypotheses regarding the impact of the global economy on personal financial planning.
   1.8.E.2 Predict the consequences of personal consumer decisions and actions on the global economy and the environment.
   1.8.E.3 Describe the impacts of business, government, and consumer financial decisions on the individual, family, and community.

© 2009 by Maryland State Department of Education
PERSONAL FINANCIAL LITERACY

STANDARD 1: GRADES 9 – 12

BY THE END OF GRADE 12, STUDENTS WILL:

1.12.A Evaluate the financial choices that are made based on available resources, needs, and wants for goods and services.
   1.12.A.1 Explain how scarcity and opportunity cost affect decision-making.
   1.12.A.2 Analyze costs, benefits, and opportunity cost to determine the achievement of personal financial goals.
   1.12.A.3 Apply the decision-making process to an unforeseen situation.
   1.12.A.4 Explain the concept of financial obligations, such as a promissory note, cell phone contract or college loan.
   1.12.A.5 Evaluate how public policy issues impact personal financial decisions, such as environmental and health care concerns.

1.12.B Evaluate attitudes, assumptions, and patterns of behavior regarding financial decisions, and predict how they impact the achievement of financial goals.
   1.12.B.1 Evaluate factors that affect personal financial decisions and actions.
   1.12.B.2 Reflect on the impact of philanthropy, volunteer service, and charities in community development and quality of life.
   1.12.B.3 Compare individual differences and influences on consumer decisions related to money including the impact on relationships.

1.12.C Evaluate and apply financial knowledge, attitudes, and skills.
   1.12.C.1 Refine and extend a conceptual understanding of new words regarding financial literacy.
   1.12.C.2 Justify an informed and responsible action to resolve personal financial literacy questions and issues.
   1.12.C.3 Apply the decision-making process to achieve a personal financial goal.
   1.12.C.4 Evaluate outcomes of financially responsible and irresponsible decisions.

1.12.D Compare different types of markets.
   1.12.D.1 Determine different types of retail markets, and analyze the goods and services they offer.
   1.12.D.2 Examine external factors that affect a market such as inflation, and determine the most appropriate time to purchase.

1.12.E Evaluate the economic impacts of government, business, and consumer financial decisions.
   1.12.E.1 Assess the impact of global economic events on personal financial planning.
   1.12.E.2 Examine the consequences of personal consumer decisions and actions on the global economy, and the environment.
   1.12.E.3 Analyze the impacts of business, government, and consumer financial decisions on the individual, family, and community.
STANDARD 2: RELATE CAREERS, EDUCATION, AND INCOME -- Students will relate choices regarding their education and career paths to earning potential.

GRDES 3 – 5
BY THE END OF GRADE 5, STUDENTS WILL:

2.5.A Compare the relationships among education, skills, career choices, economic conditions, and income.
   2.5.A.1 Describe how education choices, interests, skills, and career choices affect income.
   2.5.A.2 Differentiate between a job and a career.
   2.5.A.3 Describe the benefits and trade-offs of a variety of careers including personal satisfaction.
   2.5.A.4 Describe how personal characteristics and interests affect career decisions.

2.5.B Describe sources of income.
   2.5.B.1 Identify potential sources of income.
   2.5.B.2 Describe factors affecting income.

2.5.C Explain the relationship among income, spending decisions, and lifestyle.
   2.5.C.1 Describe how income affects spending.
PERSONAL FINANCIAL LITERACY  

STANDARD 2: GRADES 6 – 8

BY THE END OF GRADE 8, STUDENTS WILL:

2.8.A Examine the relationships among education, skills, career choices, economic conditions, and income.
   
   2.8.A.1 Describe how education choices, interests, skills, career choices, economic conditions, and entrepreneurship affect income.
   2.8.A.2 Describe the unique characteristics of both a job and a career, including entrepreneurship.
   2.8.A.3 Compare the benefits and trade-offs of a variety of careers including personal satisfaction.
   2.8.A.4 Describe the relationship of personal characteristics to a career choice.

2.8.B Explain sources of income.

   2.8.B.1 Identify potential sources of income.
   2.8.B.2 Describe factors affecting income.

2.8.C Analyze the relationship among income, spending decisions, and lifestyle.

   2.8.C.1 Examine how income affects choices and spending decisions.
   2.8.C.2 Examine how spending decisions may impact career choices, such as saving for college or getting a job.

2.8.D Explain how taxes and employee benefits relate to disposable income.

   2.8.D.1 Describe concepts associated with taxes, employee benefits, and income.
   2.8.D.2 Identify taxable income and employee benefits.
   2.8.D.3 Relate employee benefits to income.
PERSONAL FINANCIAL LITERACY

STANDARD 2: GRADES 9 – 12

BY THE END OF GRADE 12, STUDENTS WILL:

2.12.A Evaluate the relationships among education, skills, career choices, economic conditions, and income.

2.12.A.1 Evaluate how education choices, interests, skills, career choices, economic conditions, and entrepreneurship affect income.

2.12.A.2 Analyze how personal values may impact financial decisions, including becoming an entrepreneur.

2.12.A.3 Analyze the benefits and trade-offs of a variety of careers including personal satisfaction.

2.12.A.4 Analyze the relationship of career choice and personal satisfaction.


2.12.B.1 Differentiate between earned income and other sources of income.

2.12.B.2 Describe how adjusting benefits can affect income.

2.12.C Evaluate the relationship among income, spending decisions and lifestyle.

2.12.C.1 Analyze how education affects career choice and income affects purchasing and spending decisions.

2.12.C.2 Evaluate a variety of spending decisions that impact career opportunities, such as how credit scores can affect getting a Security Clearance.

2.12.D Determine how taxes, employee benefits, and public programs relate to income.

2.12.D.1 Describe how taxes can affect income and lifestyle.


2.12.D.3 Research employee benefits, such as retirement plans and health care, and how they affect the quality of life.

2.12.D.4 Research public programs and services that are available to employees and how they affect the quality of life, such as Social Security.
STANDARD 3: PLAN AND MANAGE MONEY -- Students will develop skills to plan and manage money effectively by identifying financial goals and developing spending plans.

GRADES 3 – 5
BY THE END OF GRADE 5, STUDENTS WILL:

3.5.A Demonstrate the ability to use money management skills and strategies by saving for and acquiring goods and services.

   3.5.A.1 Define and list the components of a spending plan.
   3.5.A.2 Identify strategies for using a spending plan.
   3.5.A.3 Develop a spending plan indicating income and expenses.

3.5.B Identify products used at financial institutions.

   3.5.B.1 Describe the services financial institutions provide, such as savings, checking, and money market accounts.

3.5.C Describe financial goals based on personal values.

   3.5.C.1 Develop age-appropriate financial goals.
   3.5.C.2 Identify ways to earn and save for a future event.

3.5.D Understand the purposes and responsibilities related to taxation.

   3.5.D.1 Explain the meaning and purposes of taxes.
   3.5.D.2 Describe how taxation affects individuals, families, and communities.
   3.5.D.3 Explain the reasons for paying taxes.

3.5.E Describe that contracts are binding agreements.

   3.5.E.1 Describe why people enter into contracts.
   3.5.E.2 Differentiate between written and verbal contracts.
BY THE END OF GRADE 8, STUDENTS WILL:

3.8.A Demonstrate the ability to use money management skills and strategies.
   3.8.A.1 Determine the feasibility of a spending plan based on a set of criteria.
   3.8.A.2 Prepare a spending plan for various applications, such as personal, family, business, and entrepreneurship.
   3.8.A.3 Formulate and compare money management choices that enable individuals to progress toward stated financial goals.

3.8.B Describe the services of financial institutions.
   3.8.B.1 Explain and select appropriate financial institutions to assist with meeting various personal financial needs and goals.
   3.8.B.2 Describe various financial products or services and an appropriate use of each.

3.8.C Develop financial goals based on personal values.
   3.8.C.1 Analyze and discuss the long-range impact of setting personal financial goals.
   3.8.C.2 Develop a plan to secure funding for a future event.

3.8.D Explain the purposes and responsibilities related to taxation.
   3.8.D.1 Explain the purpose of existing forms of taxation at the federal, state, and local levels.
   3.8.D.2 Describe how government’s tax policies affect individuals, families, and communities.
   3.8.D.3 Identify reasons to comply with personal tax obligations and the consequences of not doing so.
   3.8.D.4 Describe ways consumers can influence the use of public funds.

3.8.E Explain that contracts are binding agreements.
   3.8.E.1 Explain why contracts are used.
   3.8.E.2 Identify conditions that must be met when entering into contracts.
   3.8.E.3 Identify factors to consider when entering into a contract, such as interest rates, credit score, reputation, and/or references of involved parties.
PERSONAL FINANCIAL LITERACY  STANDARD 3: GRADES 9 – 12

BY THE END OF GRADE 12, STUDENTS WILL:

3.12.A Demonstrate the ability to use money management skills and strategies.
   3.12.A.1 Determine the feasibility of a spending plan based on multiple sets of criteria.
   3.12.A.2 Analyze and compare income and spending plans as affected by age, needs, and resources.
   3.12.A.3 Apply various money management strategies to authentic situations and predict results over time.
   3.12.A.4 Cite examples of trade-offs resulting from competing financial goals.

3.12.B Analyze the services of financial institutions.
   3.12.B.1 Develop a plan that uses the services of various financial institutions to meet personal and family financial goals.
   3.12.B.2 Describe and calculate interest and fees applied to various forms of saving, spending, debt.

3.12.C Develop and evaluate financial goals based on personal values.
   3.12.C.1 Integrate long-range personal goals with financial needs and resources.
   3.12.C.2 Compare various strategies for securing funding for a future event.

3.12.D Evaluate the purposes and responsibilities related to taxation.
   3.12.D.1 Analyze the application and impact of various forms of taxation on individuals, families, and public agencies.
   3.12.D.2 Critique how government’s tax policies affect individuals, families, and communities.
   3.12.D.3 Identify reasons to comply with personal tax obligations and the consequences of not doing so.
   3.12.D.4 Analyze ways consumers influence the use of economic resources to achieve basic societal and individual services.
   3.12.D.5 Evaluate various sources of assistance with tax planning and filing.

3.12.E Explain that contracts are binding agreements.
   3.12.E.1 Examine situations where written contracts are necessary.
   3.12.E.2 Examine sample contracts for essential components and meaning.
   3.12.E.3 Identify the rights and responsibilities of all parties entering into a contract, such as college loans, cell phones contracts, car loans, collateral loans, passbook loans, and mortgages.
STANDARD 4: MANAGE CREDIT AND DEBT -- Students will develop skills to make informed decisions about incurring debt and maintaining creditworthiness.

GRADES 3 – 5
BY THE END OF GRADE 5, STUDENTS WILL:

4.5.A Identify why people enter into debt.
   4.5.A.1 List reasons why people borrow.

4.5.B Differentiate credit products from services.
   4.5.B.1 Describe the concept of a loan.
   4.5.B.2 Describe the difference between credit products and services.

4.5.C Identify sources of credit.
   4.5.C.1 Differentiate between credit and debt.
   4.5.C.2 List sources of credit, such as banks, credit unions, credit card companies, and retail stores.

4.5.D Explain the cost of borrowing.
   4.5.D.1 Define interest and explain how it is used.

4.5.E Identify interest rates, fees, and other charges.
   4.5.E.1 Describe the different types of payment methods, such as bartering, cash, check, credit card, and debit card.
   4.5.E.2 Identify uses of a credit card and a debit card.

4.5.F Describe creditworthiness.
   4.5.F.1 Explain how character, capacity, and capital relate to borrowing.
PERSONAL FINANCIAL LITERACY

STANDARD 4: GRADES 6 – 8

BY THE END OF GRADE 8, STUDENTS WILL:

4.8.A Explain how to use debt beneficially.
   4.8.A.1 List the purposes of debt.
   4.8.A.2 Examine how debt can be used to establish credit.

4.8.B Compare the advantages and disadvantages of credit products and services.
   4.8.B.1 Analyze information about credit products and services.
   4.8.B.2 Explain the difference between short- and long-term loans with regards to interest.
   4.8.B.3 Describe predatory lending practices.

4.8.C Identify and compare sources of credit.
   4.8.C.1 Explain credit terminology.
   4.8.C.2 List sources of consumer credit.
   4.8.C.3 Explain strategies used to manage credit and debt.

4.8.D Calculate the cost of borrowing.
   4.8.D.1 Compare and compute application of interest and compound interest.
   4.8.D.2 Compute the amount of interest paid over time when using credit.
   4.8.D.3 Calculate the cost of borrowing for various amounts and types of purchases.

4.8.E Identify and evaluate interest rates, fees, and other charges.
   4.8.E.1 Differentiate between a credit and debit card.
   4.8.E.2 Compare advantages and disadvantages of various payment methods and options, including the Automated Clearing House.
   4.8.E.3 Describe the purpose of a mortgage.

4.8.F Compare credit scores and reports.
   4.8.F.1 Link character, capacity, and capital with creditworthiness.
   4.8.F.2 Explain the factors that impact a credit report.
   4.8.F.3 Describe a credit report; explain what a credit score is and the factors affecting a credit score.
   4.8.F.4 Identify ways to prevent or manage credit problems.

4.8.G Explain the consequences of not meeting credit obligations.
   4.8.G.1 Identify the consequences of not meeting credit obligations, such as late fees, acquiring loans, paying higher interest rates, and bankruptcy.
   4.12.A.1 Explain the advantages and disadvantages of debt.
   4.12.A.2 Determine a variety of situations in which debt is beneficial.

4.12.B Evaluate the advantages and disadvantages of credit products and services.
   4.12.B.1 Evaluate information about products and services.
   4.12.B.2 Differentiate and calculate the difference between short- and long-term loans.
   4.12.B.3 Identify and discuss examples of predatory lending practices, such as payday lenders.

   4.12.C.1 Explain how to acquire and maintain credit.
   4.12.C.2 Compare sources of consumer credit, and apply them to consumer decisions.
   4.12.C.3 Compare strategies of credit and debt management.
   4.12.C.4 Compare the financial benefits and services of different types of lending institutions.

   4.12.D.1 Use online business tools to compare and compute interest and compound interest and to interpret an amortization table.
   4.12.D.2 Compute and assess the accumulating effect of interest paid over time when using a variety of sources of credit.
   4.12.D.3 Calculate and compare the total cost of borrowing for various amounts and types of purchases.

4.12.E Identify and evaluate interest rates, fees, and other credit charges.
   4.12.E.1 Analyze the impact of using a credit card vs. a debit card as it relates to money management.
   4.12.E.2 Analyze the advantages and disadvantages of different payment methods and options, including the Automatic Clearing House.
   4.12.E.3 Explain the different types of loans associated with mortgages as it relates to interest rates (fixed, variable, and balloons), insurance, and fees.

4.12.F Analyze credit scores and reports.
   4.12.F.1 Explain personal responsibility and the factors that affect creditworthiness, such as payment history and total debt vs. total available credit.
   4.12.F.2 Explain how a credit report is used and how frequently it should be obtained.
   4.12.F.3 Explain how credit scores can be used to leverage better products, services, and employment opportunities, such as Security Clearance.
   4.12.F.4 Apply strategies to prevent or manage credit problems.
   4.12.F.5 Compare sources of credit reporting and evaluate credit report scores.

4.12.G Evaluate the consequences of not meeting credit obligations.
   4.12.G.1 Analyze the problems of not meeting credit obligations, such as poor credit score, late fees, acquiring loans, paying higher interest rates, and bankruptcy.
   4.12.G.2 Determine when credit counseling is necessary.
   4.12.G.3 Find reputable providers of credit counseling services.
STANDARD 5: CREATE AND BUILD WEALTH -- Students will develop skills to plan and achieve long-term goals related to saving and investing in order to build financial security and wealth.

GRADES 3 – 5
BY THE END OF GRADE 5, STUDENTS WILL:

5.5.A Compare appropriate financial services and products to specified goals.
   5.5.A.1 Determine saving goals.
   5.5.A.2 Describe saving options.

5.5.B Explain strategies for achieving financial goals.
   5.5.B.1 Differentiate between banked versus unbanked consumers.
   5.5.B.2 Describe ways that financial institutions protect consumers’ money.
   5.5.B.3 Describe the concept of “time value” of money.
   5.5.B.4 Differentiate between “working for money” versus “money working for you”.

5.5.C Explain the relationships between saving and investing.
   5.5.C.1 Describe steps involved in saving.
   5.5.C.2 Describe steps involved in investing.
   5.5.C.3 Compare saving and investing.

5.5.D Apply the concepts of supply and demand to acquiring goods and services.
   5.5.D.1 Describe the concepts of supply and demand.
   5.5.D.2 Describe how supply and demand affect price.
PERSONAL FINANCIAL LITERACY

STANDARD 5: GRADES 6 – 8

BY THE END OF GRADE 8, STUDENTS WILL:

5.8.A  Align appropriate financial services and products to specified goals.
   5.8.A.1  Determine an investment strategy’s time horizon based on a specified goal.
   5.8.A.2  Differentiate between various investment options, such as certificates of deposit, stocks, mutual
            funds, and bonds, and compare their current returns.
   5.8.A.3  Determine the fees of various financial accounts and products.

5.8.B  Apply strategies for creating wealth and building assets.
   5.8.B.1  Distinguish between financial practices of the banked and unbanked.
   5.8.B.2  Explain how financial institutions protect consumers’ money.
   5.8.B.3  Apply the “Rule of 72” to a financial decision.
   5.8.B.4  Apply the principle of “Pay Yourself First” to realistic scenarios.
   5.8.B.5  Distinguish between income and wealth.

5.8.C  Describe the relationships between saving and investing.
   5.8.C.1  Differentiate between income and investment growth.
   5.8.C.2  Compare reasons for saving and reasons for investing.
   5.8.C.3  Identify sources of investment products, such as banks, investment companies, financial
            planners.
   5.8.C.4  Calculate returns on investments as it relates to *time horizons*.

5.8.D  Analyze how supply and demand affect stock market price changes.
   5.8.D.1  Explain the concept of supply and demand.
   5.8.D.2  Explain the economic principle of supply and demand as it relates to the stock market.

5.8.E  Apply the decision-making process to financial decisions related to planning, saving, and
       investing.
   5.8.E.1  Examine how spending plans are used to realize financial goals.
   5.8.E.2  Examine how saving strategies differ between a spending plan and an investment plan.
PERSONAL FINANCIAL LITERACY

STANDARD 5: GRADES 9 – 12

BY THE END OF GRADE 12, STUDENTS WILL:

5.12.A Critique appropriate financial services and products to specified goals.
   5.12.A.1 Develop a model comparing investment results.
   5.12.A.2 Select appropriate financial services and products to achieve personal financial goals.
   5.12.A.3 Compare, contrast, and compute historical returns and fees of various financial products.
   5.12.A.4 Differentiate between various investment products.

   5.12.B.1 Explain the effects of being banked versus unbanked.
   5.12.B.2 Describe federal deposit insurance programs for banks and credit unions.
   5.12.B.3 Analyze the effect of compounding.
   5.12.B.4 Explain the concept of asset allocation based on short- and long term goals.
   5.12.B.5 Assess factors that influence financial planning (age, income, liabilities, assets, goals, family size, risk tolerance, etc.).
   5.12.B.6 Explain the relationship among buying power, interest rates, and inflation.

5.12.C Explain the relationships between saving and investing.
   5.12.C.1 Describe the role of revenue-generating assets in building wealth.
   5.12.C.2 Describe the processes and vehicles for buying and selling investments.
   5.12.C.3 Compare sources for investment products, such as banks, investment companies, financial planners, etc.
   5.12.C.4 Compare the risk, return, and liquidity of various investment alternatives.

5.12.D Analyze the concepts of supply and demand to stock market price changes.
   5.12.D.1 Explain how supply and demand works in various situations.
   5.12.D.2 Determine the impact of various events on stock market prices.

5.12.E Apply the decision-making processes to financial decisions related to planning, saving, and investing.
   5.12.E.1 Develop and justify investment and/or savings strategies to achieve specified goals.
   5.12.E.2 Develop personal financial planning strategies that respond to and use tax deductions.
STANDARD 6: MANAGE RISKS AND PRESERVE WEALTH -- *Students will develop financial planning skills to minimize financial setbacks.*

**GRADES 3 – 5**

**BY THE END OF GRADE 5, STUDENTS WILL:**

6.5.A *Indicators and objectives start in the 6-8 grade band.*

6.5.B Explain the need for and value of various types of insurance within the life cycle.

   6.5.B.1 Explain reasons for insurance.

6.5.C Investigate the effects of business practices, including sales techniques.

   6.5.C.1 Recognize techniques and the effects of advertising.
   6.5.C.2 Identify business practices that affect the consumer.
   6.5.C.3 Identify the characteristics of an informed consumer.

6.5.D Explain sources of consumer protection and assistance, including public institutions and private organizations (professionals, publications, and internet).

   6.5.D.1 Describe and identify types of fraud
   6.5.D.2 Describe identity theft and how it occurs.
   6.5.D.3 Describe reasons to keep certain types of information secure and private.
BY THE END OF GRADE 8, STUDENTS WILL:

6.8.A Examine strategies that protect income and wealth.
   6.8.A.1 Identify circumstances that impact income and wealth.
   6.8.A.2 Describe forms of financial risk and risk tolerance.
   6.8.A.3 Recognize forms of protection against financial loss.

6.8.B Examine the need for and value of various types of insurance (such as health, property, life, disability, and liability) within the life cycle.
   6.8.B.1 Describe the need for and value of different types of insurance.
   6.8.B.2 Identify factors to consider when determining the amount of protection needed.
   6.8.B.3 Identify strategies to lower insurance costs.

6.8.C Investigate the purposes, strategies, and effects of various business practices, including sales techniques.
   6.8.C.1 Compare and contrast advertising for opinion versus fact.
   6.8.C.2 Examine business practices that affect the consumer.
   6.8.C.3 Explain the characteristics of an informed consumer.

6.8.D Differentiate sources of consumer protection and assistance, including public institutions and private organizations (professionals, publications, and internet).
   6.8.D.1 Examine how consumers fall victim to fraud and methods for protection against fraudulent activities.
   6.8.D.2 Identify situations that put consumers in financial risk, such as sharing account information, identify theft, and co-signing on loans.
   6.8.D.3 Explain the need to keep certain types of information secure and private.
   6.8.D.4 Distinguish between the rights and responsibilities of buyers and sellers under consumer protection laws.
   6.8.D.5 List actions to take to dispute a claim.
6.12.A Evaluate the strategies that protect income and wealth.

6.12.A.1 Explain circumstances that impact income and wealth.
6.12.A.4 Explain how legal documents protect individuals’ personal assets, such as wills and trusts.

6.12.B Justify the need for and value of various types of insurance (such as health, property, life, disability, and liability) within the life cycle.

6.12.B.1 Investigate and apply different types of insurance coverage to selected situations.
6.12.B.2 Review and apply criteria to choose insurance coverage for selected situations.
6.12.B.3 Compare insurance rates, premiums, and deductibles to minimize costs in selected situations.
6.12.B.4 Create an individual or family insurance plan for selected situations.

6.12.C Evaluate the purposes, strategies, and effects of various business practices, including sales techniques.

6.12.C.1 Analyze the influence of advertising and the media on decision making and spending.
6.12.C.2 Explain the consequences of business practices to individuals, families, and society.
6.12.C.3 Analyze the characteristics of an informed consumer.

6.12.D Critique sources of consumer protection and assistance including public institutions and private organizations (professionals, publications, and Internet).

6.12.D.1 Evaluate how fraudulent activities affect consumers and methods for protection against fraudulent activities.
6.12.D.2 Assess situations that put consumers in financial risk, such as sharing account information, identify theft, and co-signing on loans.
6.12.D.3 Justify why certain types of information should be secure and private.
6.12.D.4 Explain the rights and responsibilities of buyers and sellers under consumer protection laws such as the “Credit Card Bill of Rights.”
Glossary of Terms

Advertising. An announcement—usually paid—of a product’s or service’s benefits that is intended to encourage its purchase.

Amortization. To reduce a debt by making payments against the principal balance in installments or regular transfers.

Assets. What a person owns, such as cash, stocks, bonds, real estate, and personal possessions.

Automatic Clearing House. The automated clearing house is how electronic transactions are processed when a person selects an electronic debit or credit of funds. These are most common with payroll direct deposit and automatic bill payments.

Bank. A state or federally chartered for-profit financial institution that offers commercial and consumer loans and other financial services.

Banked. To have an account in a financial institution.

Bankruptcy. Legal process for selling most of the debtor’s property to help satisfy debts that can’t be repaid, in exchange for (a) relieving debtors of the responsibility of paying their financial obligations or (b) protecting them while a plan is created and they try to repay debts.

Bartering. To exchange goods or services in return for other goods or services.

Consumer Protection Act. A revision of bankruptcy law intended to make the system fairer for creditors and debtors and make affordable credit available to more people.

Bond. A certificate representing the purchaser’s agreement to lend a business or government money on the promise that the debt will be paid — with interest — at a specific time.

Capacity. Mental or physical ability for something or to do something.

Capital. Economic resource or resources that can be used to generate economic wealth.

Career. Pattern of activities and positions involved in an individual’s lifetime of work to which the person has made a long-term commitment.

Certificate of Deposits. A savings certificate is a time-deposit entitling the bearer to receive interest for a set period of time.

Character. Refers to trustworthiness; one of three factors in credit scoring (e.g., paying bills on time shows financial responsibility). Creditworthiness indicating a responsible attitude toward living up to agreements.

Charity. The voluntary provision of money, materials, or help to people in need.

Check. Written order directing a bank or credit union to pay a person or business a specific sum of money.

Collateral. Property or goods used as security against a loan and forfeited if the loan is not repaid.

Compounding, or compound interest. Rule of 72. Earning interest on interest. Rule of 72—how long it takes money to double in value.

Consumer. Buyers or users of goods and services for personal use.

Contract. Legally enforceable written or oral agreement between two or more parties to do or not do something.
Co-sign. To add your name to someone else's debt on a loan or financial contract. If the borrower does not repay, it can be reported on your credit record.

Cost/benefit analysis, risk/reward relationship. Tool used to choose among alternatives involves weighing the cost of a product or service against the benefit it will provide.

Credit. Amount of money a creditor is willing to loan another to purchase goods and services, based on trust and the expectation that the money will be repaid as promised with interest.

Credit card. Card that enables holder to charge expenses for purchases or to get money, often with interest.

Credit Card Bill of Rights. An amendment to the Truth in Lending Act to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan.

Credit counseling service. An organization that provides debt and money management advice and assistance to people with debt problems.

Credit score. A measure of creditworthiness based on an analysis of the consumer's financial history, often computed as a numerical score, using the FICO or other scoring systems to analyze the consumer's credit. A mathematical model used by lenders to predict the likelihood that bills will be paid as promised.

Credit report. An official record of a borrower's credit history, including such information as the amount and type of credit used, outstanding balances, and any delinquencies, bankruptcies, or tax liens.

Credit union. A state or federally chartered not-for-profit financial cooperative that provides financial services to its member-owners, who have met specific employment, residence, or other eligibility requirements.

Creditworthiness. A measure of one's ability and willingness to repay a loan.

Debit card. Card used to pay for goods and services directly from a checking account by transferring funds electronically from one's checking account to the store's account to pay for a purchase; also called check cards.

Debt. An amount of money owed to lenders.

Decision making. The process of considering alternatives and analyzing information to make a choice.

Decision making process. There are several models of the decision making process. Generally it is a process used to determine and/or set goals and can be defined as a series of actions that includes: 1) Stating or identifying the problem; 2) Identifying a variety of solutions; 3) Comparing the advantages and disadvantages of possible solutions; 4) Making a decision; 5) Implementing the decision; and 6) Evaluating the decision based on the desired outcome.

Deductible. The initial dollar amount or percentage of a loss that is not insured, as specified in an insurance policy.

Demand. The quantities of a particular good or service that consumers are willing and able to buy at different possible prices at a particular time.

Disposable income. Gross pay minus deductions for taxes.

Economy—global or world. Worldwide system that results from choices of consumers, workers, business owners, manufacturers, and government officials in multiple societies and with increasing trade and cultural exchange.

Employee benefits. Additional benefits, beyond a paycheck, offered by employers (e.g., health insurance or retirement plan).

Entrepreneur. A person who owns and operates her or his own business. A person who creates a business from scratch, based on a need or personal expertise, and puts creativity and ingenuity into action to provide a service or product.
Entrepreneurship. A process that involves seeing an opportunity to provide a product/service, taking initiative to find out about competitors and what customers want from the product/service, and developing plans to market the business, analyze potential profit or losses, and produce the product/service.

Ethical/ethical reasoning. Applying criteria, standards, or principles for judging what to believe or how to act. In financial terms, ethical questions focus on fulfilling obligations, furthering the well-being of others, or resolving dilemmas and conflicts in a particular financial situation.

Expense. The cost of goods and services, including those that are fixed (such as rent and auto loan payments) and those that are variable (such as food, clothing, and entertainment).

Financial literacy. The ability to use knowledge and skills to manage one’s financial resources effectively for lifetime of financial well-being.

Financial institutions. Organizations that provide financial services for its clients or members.

Financial obligation. In the financial world, obligation refers to an outstanding debt that a party must still repay - and if they do not pay, they default on the debt.

Financial planning. Personal financial planning is the process of (a) setting goals, (b) developing a plan to achieve them, and (c) putting the plan into action. Ongoing thinking process to develop an orderly program or blueprint for handling all aspects of one’s money, including spending, credit, saving, and investing.

Goal. Statement about what a person wants to be, to do, or to have, accomplished by taking certain steps; provides direction to a plan of action.

Identity theft. The crime of using another person’s name, credit or debit card number, Social Security number, or another piece of personal information to commit fraud.

Income. Any money an individual receives.

Inflation. An overall rise in the price of goods and services.

Information processing. Analyzing and organizing information for decision making.

Insurance. A risk management tool that protects an individual from specific financial losses under specific terms and premium payments, as described in a written policy document. Major types include:

- **Auto** - Provides liability and property damage coverage under specific circumstances.
- **Disability** - Replaces a portion of income lost when a person cannot work because of illness or injury.
- **Health** - Covers specific medical costs associated with illness, injury, and disability.
- **Homeowners** - Provides property damage and liability coverage under specific circumstances.
- **Liability** - Protects the insured party from others’ claims of loss due to the insured’s alleged or actual negligence or improper actions.
- **Life** - Protection against the loss of income that would result if the insured passed away.
- **Long-term care** - Covers specific costs of custodial care in a nursing facility or at home.
- **Renters** - Protects renters from loss or liability due to damage to the contents of a dwelling.
Interest. Payment for the use of someone else’s money; usually expressed as an annual rate in terms of a percent of the principal (the amount owed).

Fixed Interest Rate - A loan or mortgage with an interest rate that will remain at a predetermined rate for the entire term of the loan.

Variable Interest Rate - An interest rate that moves up and down based on the changes of an underlying interest rate index.

Balloon Rate - An oversized payment due at the end of a mortgage, commercial loan or other amortized loan.

Interest income. Money that financial institutions, governments, or corporations pay for the use of investors’ money.

Investing. Purchasing securities such as stocks, bonds, and mutual funds with the goal of earning a return.

IOU. An abbreviation for a promissory note meaning “I owe you.”

Lifestyle. The way people choose to live their lives, based on values they have chosen.

Liquidity. The ease with which an asset can be converted to cash without serious loss.

Loan. An amount of money given to somebody on the condition that it will be paid back later.

Money. Anything that is generally accepted as payment for goods and services; a medium of exchange.

Mortgage. Loan to buy real estate, such as land or a home.

Mutual Funds. An investment tool that pools the money of many shareholders and invests it in a diversified portfolio of securities, such as stocks, bonds, and money market assets.

Needs. Essentials or basics necessary for maintaining physical life, including food, clothing, water, and shelter, sometimes called material well-being.

Obligation. Something that must be done because of legal or moral duty.

Opportunity cost. The foregone benefit of the next best alternative when an economic decision is made. In other words, the benefits you could have received by taking an alternative action.

Passbook loans. A personal loan extended to a savings-account holder by the custodial bank. Passbook loans use the balance of the savings-account as collateral for the loan. The amount of the loan therefore cannot exceed the savings-account balance.

Payment method. The means of settling a financial obligation, such as by cash, check, credit card, debit card, smart card, or stored value card.

Payroll deductions. Amounts subtracted from gross income that are withheld by an employer for items such as taxes and employee benefits.

Pay Yourself First (PYF). Disciplined saving or setting aside money as a regular part of the budget for later spending.

Personal finance. The principles and methods that individuals use to achieve their financial goals.

Philanthropy. A personal or corporate interest in helping others, especially through gifts to charities or endowments to institutions.
Predatory lending. Unscrupulous actions carried out by a lender to entice, induce, and/or assist a borrower in taking a loan that carries high fees, a high interest rate, strips the borrower of equity, or places the borrower in a lower credit rated loan to the benefit of the lender.

Private. Belonging to, restricted to, or intended for an individual person.

Promissory Notes. A signed agreement promising payment of a sum of money on demand or at a specific time.

Reasoning. The process of making and supporting a judgment; giving reasons to defend the conclusion.

Resources. Human resources are those resources people have within themselves, such as working knowledge, skill, mental effort, motivation, energy. Non-human or external resources include money, time, and equipment.

Retail. The selling of goods directly to customers, e.g. in stores

Retirement Plan. There are two main types of retirement plans: defined-benefit plans and defined-contribution plans.

- Defined-benefit plan - The employer guarantees that the employee will receive a definite amount of benefit upon retirement, regardless of the performance of the underlying investment pool.

- Defined-contribution plan - The employer makes predefined contributions for the employee, but the final amount of benefit received by the employee depends on the investment’s performance.

Risk—investment, personal, insurance. The probability of making a profit or losing money on one’s investment; the chance an investment will decrease in value; possible losses involving income or standard of living. The possibility of a loss from perils to people or property covered by insurance.

Risk management. Deliberately and systematically using various strategies for controlling against potential personal or financial loss from pure risks.

Risk tolerance. The amount of uncertainty or possibility of loss the individual can bear.

Rule of 72. A rough calculation of the time or interest rate needed to double the value of an investment. (Example: To figure how many years it will take to double a lump sum invested at an annual rate of 8%, divide 72 by 8, for a result of 9 years.)


Savings and loan association (S&L). A state or federally chartered for-profit financial institution that pays dividends on deposits and makes mortgage loans.

Scarcity. An economic condition created by an excess of human wants over the resources necessary to satisfy them; an inability to satisfy all of everyone’s wants.

Secured loan. A secured loan is also called a collateral loan. It is a loan obtained from a banking or other financial institution, where in exchange, the creditor may sell that which is offered for collateral if the loan is unpaid.

Security. The assurance that something of value will not be taken away.

Shipping and Handling. The costs of processing and transporting a product to a customer.

Simple interest. Interest calculated periodically on loan principal or investment principal only, not on previously earned interest.

Social Security. The federal government’s basic program for providing income when earnings are reduced or stopped because of retirement, or disability. Income is also provided to families when the working parent(s) dies and underage children are a part of the family.
Spending plan. Another name for budget.

Stock. An investment that represents shares of ownership of the assets and earnings of a corporation.

Supply. The quantities of an item that producers are willing and able to make available for sale at various prices over a given time period.

Tax deduction. An expense that a taxpayer can subtract from taxable income. Examples include deductions for home mortgage interest and for charitable gifts.
Taxes. A compulsory payment by individuals/organizations to the government; fees placed on income, property, or goods to support government programs.

Time horizon. The length of time over which an investment is made or held before it is liquidated.

Time value of money. The idea that money available at the present time is worth more than the same amount in the future due to its potential earning capacity.

Trade-off. An exchange of one thing in return for another; especially relinquishment of one benefit or advantage for another regarded as more desirable.

Trust. A fiduciary relationship in which one party, known as a trustor, gives another party, the trustee, the right to hold title to property or assets for the benefit of a third party, the beneficiary.

Values. Criteria, standards, or principles that individuals use when making a selection among alternatives in decision making.

Volunteer service. Working to help others or one's community without being paid.

Wants. Items that a person would like to have but are not essential for life. Items, activities, or services that may increase the quality of life, but one can live without them.

Wealth-building. Increasing the total value of what one owns; one's tangible assets using strategies to increase savings and personal asset accumulation, thereby promoting individual/family economic well-being and financial security.

Will. A legally enforceable declaration of how a person wishes his or her property to be distributed after death.

Work, job. Employment, occupation, effort exerted to make or do something. On a relative basis, short-term work or tasks completed for pay.