

PERSONAL FINANCE

CREDIT ½ **GRADE** 12 **PREREQUISITE** NONE

This course will provide a foundational understanding for making informed personal financial decisions. Real world topics covered will include income, money management, spending and credit, as well as saving and investing. 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. **NOTE: This course is required for graduation.**

State Standards for Personal Finance may be found here:

<https://www.tn.gov/education/article/personal-finance-standards>

Standards and Objectives:

Financial Responsibility and Personal Decision Making

- 1) Define the concept of personal finance and explain the importance of personal financial planning using instructional materials and news articles.
- 2) Write long-term (over 5 years), mid-term (1 – 5 years), and short-term (a year or less) personal financial goals, defining desired earning milestones and purchasing plans. Evaluate factors that may influence the goals, including family responsibilities, individual values, and economic conditions.

Education, Careers, and Income

- 3) Develop a chart or table to compare characteristics of various careers, such as alignment to personal interest and aptitude, education requirements, available positions, salaries, potential lifetime earnings, and employer benefits. Research multiple viewpoints that support or question the use of student loan debt in paying for postsecondary education. Assess the extent to which the reasoning and evidence presented support the author's claim. Citing specific textual evidence, craft an argumentative essay that either supports or opposes the use of student loan debt, developing both claim(s) and counterclaim(s) fairly.
- 4) Demonstrate an understanding of Free Application for Federal Student Aid (FAFSA) requirements to apply for postsecondary education financial aid by completing an application. Research and report (orally or in an explanatory text) the requirements for admission to a specific postsecondary institution.
- 5) Create a personal balance sheet. Determine assets and liabilities and calculate net worth. Complete a 1040EZ, 1040A, W-4 form, and W-2 wage earner statement for federal and state income tax purposes.

Planning and Money Management

- 6) Using research from local sources (such as newspapers, chambers of commerce, and local government and company websites), create a monthly personal budget. Cite specific

textual evidence from findings when calculating earnings of a selected occupation and including accurately estimated household living expenses, taxes, potential savings, and an emergency fund.

7) Investigate the availability and reliability of resources to assist consumers in making buying decisions (include both national and local resources). Analyze factors associated with the purchase of an automobile and defend a specific buying decision, including: a. Define and understand factors most often included in negotiations (such as cash vs. financing, inclusion of trade-in, etc.), b. Be able to evaluate costs and benefits of different service contract/warranty options, c. Compare and contrast available financing options based on consumer characteristics and size of down payment.

8) Compare and contrast services available from commercial banks, savings and loans, payday loan vendors, and credit unions. Identify the services that best support the personal financial goals identified in Standard 2. Craft an argumentative essay that makes a claim about the type of service most appropriate for a specific stage of life, depending on borrowing capacity and employment status.

Credit and Debt

9) Distinguish between low-risk and high-risk forms of borrowing and compare and contrast the various sources and types of consumer credit. Identify the types of credit best suited for various categories of goods and services, defending claims with specific textual evidence.

10) Citing information from the three main credit-reporting agencies, describe credit ratings and credit reports. Describe the importance of both credit ratings and credit reports to consumers, citing specific textual evidence from research. Create a checklist of credit report components and demonstrate how the relationships between the components are used to calculate a credit score. Summarize specific activities used to protect credit ratings.

11) Citing evidence found in actual loan applications, compare and contrast various types of loans and explain factors that can affect the approval process associated with each type. Identify typical information and procedures required in the loan application process.

12) Identify strategies for effective debt management and recognize the warning signs of impending debt problems. Identify the long-term consequences of accumulating unpaid debt and of filing for bankruptcy. Formulate a plan to retire debt over an extended period of time, citing specific textual evidence to defend elements of plan.

Risk Management

13) Differentiate the benefits and costs associated with various types of insurance, including health, life, property, auto, and long-term care. Describe risks associated with a lack of appropriate coverage in specific situations. Determine the role of insurance in financial planning to preserve and build wealth.

14) Outline specific steps to prevent identity theft. Conduct assessments of different populations that may be at risk because of age, socioeconomic status, and occupation. Design and present a plan to significantly lower risks and protect each population. Determine steps that should be taken by a victim of identity theft to report the incident and re-establish identity.

Saving and Investing

15) Compare savings and investment strategies, including savings accounts, payroll deduction options, stocks, certificates of deposits, bonds, real estate, mutual funds, precious metals, and company retirement plans. Design a diversified savings and investment plan that includes two strategies compatible with personal goals. Include time value of money in analysis.

Major Assignments: Students will complete the Everfi computer program. They will also complete the Life Scenario 9 week project that helps them to understand the importance of creating a spending plan and the daily events that can change the plan.

For information regarding instructional objectives and materials, please contact the school principal.