Economics and Financial Literacy

Theme	***This course explores the fundamentals that guide individuals and nations as they make choices about how to use limited resources to satisfy their wants. More specifically, it examines the ability of individuals to use knowledge and skills to manage limited financial resources effectively for a lifetime of financial security.***
Topic	***Economic Decision Making and Skills*** Economic decision making relies on the analysis of data. Economists use data to explain trends and decide among economic alternatives. Individuals use data to determine the condition of their finances and to make savings and investment decisions.
Content Statement	***1. Economists analyze multiple sources of data to predict trends, make inferences and arrive at conclusions.***

Content Elaborations

To predict trends, make inferences and arrive at conclusions, economists analyze many different sources of data.

For example, economists would use many sources of data (e.g., disposable income, quintiles of income distribution, stock prices, inflation) for a study of the impact of a tax cut on consumer spending. Economists would use data appropriate to the study of the effect of falling gasoline prices on consumer driving habits or the effect of deficit spending during a recession.

Expectations for Learning

Using several sources of data, predict a trend, make an inference or arrive at a conclusion relating to an economic issue.

Instructional Strategies

Ask students to compare current economic indicator data to historical data and identify patterns and connections. For example, compare data from the Bureau of Labor Statistics (www.bls.gov) for disposable income prior to the 1929 stock market crash, disposable income during the Great Depression and disposable income today. Use a spreadsheet program to graph the data.

Present students with several indicators (e.g., the number of foreclosure notices, housing starts, new home sales, employment indicators, inflation, interest rates, price comparisons, GDP, state and national unemployment statistics) and have them make inferences and predictions based on this information. Discuss how economists constantly track similar types of information to make inferences and predictions about the direction of the economy. Compare current economic indicators with those from other time periods to make predictions for the future.

Diverse Learners

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Instructional Resources

Use existing websites such as http://www.bankrate.com or http://federalreserve.gov to see economics vocabulary used in context.

U.S. Bureau of Labor Statistics

www.bls.gov

This site provides links to all major current U.S. economic indicators, as well as historical indicator data and links to other economic data.

Connections

Essential Questions

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Topic	***Economic Decision Making and Skills*** Economic decision making relies on the analysis of data. Economists use data to explain trends and decide among economic alternatives. Individuals use data to determine the condition of their finances and to make savings and investment decisions.
Content Statement	***2. Reading financial reports (bank statements, stock market reports, mutual fund statements) enables individuals to make and analyze decisions about personal finances.***

Content Elaborations

Making decisions related to personal finances requires students to analyze financial statements and reports. Bank statements update recent transactions related to deposits and spending. Individuals can decide to make a major purchase based on available funds or adjust spending to avoid shortfalls.

Reading stock market reports, mutual fund statements, savings account summaries and CD statements enable individuals to make decisions related to investing. For example, people make decisions to take stock dividends in cash or automatically have them reinvested, or people decide to place money in a certificate of deposit based upon the interest rates and term lengths.

Understanding and reconciling check ledgers, online banking summaries and/or other types of financial reports help inform personal financial decisions. For example, people make decisions to increase savings based on average checking account balances or plan for future purchases based on a regular savings pattern.

Expectations for Learning

Demonstrate how financial reports can be used to make decisions about personal finances.

Instructional Strategies

Have students simulate stock market investments by researching market patterns, company earning statements, stock market reports and economic indicators to develop an investment strategy. Students can work individually or in small teams to invest a simulated sum of money into a portfolio of stocks and then track their progress over time. To extend the activity, students can track the daily stock quotes on a spreadsheet and analyze the results and trends, comparing them to historical trends. Learning from this simulation should to be linked to personal finance decisions.

Have students examine sample personal bank statements along with a vignette describing the hypothetical person's financial goals and obligations. Working alone or in small groups, have students determine an investment strategy that will fit the person's goals and recommendations for the person's desire to make a large purchase (e.g., new car). This strategy connects with Content Statement 13.

Diverse Learners

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Instructional Resources

Stock Market Game
www.stockmarketgame.org
Classroom teams compete to develop an investment strategy, invest simulated money and compete for an award for largest portfolio growth during the contest period.

Connections

Essential Questions

Theme	***This course explores the fundamentals that guide individuals and nations as they make choices about how to use limited resources to satisfy their wants. More specifically, it examines the ability of individuals to use knowledge and skills to manage limited financial resources effectively for a lifetime of financial security.***
Topic	***Fundamentals of Economics*** Productive resources are limited and allocated in a variety of different ways. An efficient way to allocate productive resources is through markets.
Content Statement	***3. People cannot have all the goods and services they want and, as a result, must choose some things and give up others.***

Content Elaborations

Economics is the study of scarcity, which means that there are unlimited wants, but limited resources. Consequently, individuals must make choices or tradeoffs. *What goods, resources and/or services is one willing to give up to obtain another good, resource and/or service?*

Making a decision involves an opportunity cost, the value of the next best alternative given up when an economic choice is made. For example, a high school student wants to buy a car. He decides not to try out for the football team in order to get a job to enable him to buy the car. The opportunity cost is playing football.

Expectations for Learning

Use the concepts of tradeoffs, opportunity costs, scarcity and choices to explain why people cannot have all the goods and services they want and, as a result, must choose some things and give up others.

Instructional Strategies

Have students share an example from their own lives when they had to make a decision and then explain the opportunity costs of that decision.

Provide students with a scenario in which they must allocate a scarce resource such as a vaccine or water to a community. After discussing as a class the decisions and opportunity costs, ask students to explain what type of economic system they used to allocate the resource. This strategy connects with Content Statement 4.

Diverse Learners

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Instructional Resources

Connections

Essential Questions

Theme	***This course explores the fundamentals that guide individuals and nations as they make choices about how to use limited resources to satisfy their wants. More specifically, it examines the ability of individuals to use knowledge and skills to manage limited financial resources effectively for a lifetime of financial security.***
Topic	***Fundamentals of Economics*** Productive resources are limited and allocated in a variety of different ways. An efficient way to allocate productive resources is through markets.
Content Statement	***4. Different economic systems (traditional, market, command, mixed) use different methods to allocate limited resources.***

Content Elaborations

Economic systems are developed to satisfy the wants of their people and to allocate limited resources by answering three economic questions: What will be produced? How it will be produced? To whom will it be distributed?

The characteristics of traditional, market, command and mixed economies differ with regard to private property, freedom of enterprise, competition and consumer choice, and the role of government.

The traditional economic system is based on custom. The allocation of resources changes little over generations. Today, traditional economic systems are found in small hunting or agricultural-based societies.

In the market economic system, the allocation of resources is determined by consumer spending. If consumers want a certain type of clothing, resources will be allocated to meet the demand. The characteristics of market economies are private property, freedom of enterprise, competition and consumer choice, and the limited role of government.

In the command economic system, the allocation of resources is determined by a small group of planners. They decide how the key economic questions are answered. Centrally planned economies are common in communist countries. The government owns the means of production.

No pure market or command economic systems exist. Generally, they are mixed-economic systems that either lean toward a market or command system.

Instructional Strategies

Have students research economic data from two countries with different economic systems (e.g., Switzerland and Cuba) using CIA World Factbook, INFOhio, Index of Economic Freedom and online news sources. Compare the findings.

Diverse Learners

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Instructional Resources

Connections

Expectations for Learning Compare the way each of the economic systems allocates scarce resources.	
Essential Questions	

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Topic	***Fundamentals of Economics*** Productive resources are limited and allocated in a variety of different ways. An efficient way to allocate productive resources is through markets.
Content Statement	***5. Markets exist when consumers and producers interact. When supply or demand changes, market prices adjust. Those adjustments send signals and provide incentives to consumers and producers to change their own decisions.***

Content Elaborations

A market exists whenever buyers and sellers exchange goods and services. Exchanges occur almost anywhere, through face-to-face transactions, the Internet, by phone or via mail order.

The market price, also referred to as the equilibrium price, is reached (and illustrated) when the demand and supply curves intersect. If the price of a good or service is below the equilibrium price, there will be a shortage. As a result of a shortage, price will rise, quantity supplied will increase and quantity demanded will decrease, eliminating the shortage.

It the price of a good or service is above the equilibrium price, there will be a surplus. As a result of a surplus, price will fall, quantity supplied will decrease and quantity demanded will increase, eliminating the surplus.

The demand for a good or service shifts when there is a change in:

- Consumer's preferences or incomes;
- The prices of related goods or services; and
- The number of consumers in the market.

The supply of a product shifts when there are changes in:

- The prices of productive resources used to make the good or service;
- Number of sellers in a market;
- The opportunities for profit available to producers of other goods or services; and
- The technology used to make the good or service.

Instructional Strategies

Have students generate examples of supply-and-demand situations in their daily lives and discuss how they affect price. Have them give examples of prices decreasing as items fade from popularity or increase in availability. Use supply-and-demand charts as illustrations.

Have students research a product and identify factors that affect its supply and demand (e.g., availability of raw materials, government regulation, national or international events, popular culture trends, availability of alternative products). Have students demonstrate knowledge by manipulating supply-and-demand model charts.

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Instructional Resources

Connections

Expectations for Learning Analyze how markets adjust to changes in supply and demand and how these adjustments send signals and provide incentives to consumers and producers to influence their own decisions. Use supply-and-demand model charts to demonstrate the shifting nature of supply and demand.	
Essential Questions	

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Topic	***Fundamentals of Economics*** Productive resources are limited and allocated in a variety of different ways. An efficient way to allocate productive resources is through markets.
Content Statement	***6. Competition among sellers lowers costs and prices, and encourages producers to produce more of what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.***

Content Elaborations

Competition is an important characteristic of a market economic system. Producers are rivals and their motive is to make a profit. They compete with each other to meet consumer demand through advertising, offering promotions and making production more efficient by integrating technological innovations into production and developing labor-saving devices. This may lead to better quality goods at lower prices.

Competition among consumers for goods and services leads to higher prices for those willing to pay for them. For example, if the supply of oil decreases, competition by consumers to purchase gasoline will lead to higher prices. Those unwilling to pay the higher prices might seek alternative means of transportation.

Expectations for Learning

Explain how competition among sellers lowers costs and prices, and encourages producers to produce more of what consumers are willing and able to buy.

Explain how competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

Instructional Strategies

Conduct a simulated auction for goods (provide examples from online auctions) and discuss what happens to the price of an item as more people compete for it in the marketplace. Have students explain the effect of competition on prices and allocation of resources.

Trace the prices of computers and other electronic equipment (e.g., cell phones) over time as more competition has entered the marketplace. Explain why prices for these products change.

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Instructional Resources

Connections

Essential Questions

Theme	***This course explores the fundamentals that guide individuals and nations as they make choices about how to use limited resources to satisfy their wants. More specifically, it examines the ability of individuals to use knowledge and skills to manage limited financial resources effectively for a lifetime of financial security.***
Topic	***Government and the Economy*** The health of a nation's economy is influenced by governmental policy. Fiscal policy can be used to spur economic growth. Monetary policy can be used to moderate fluctuations in the business cycle.
Content Statement	***7. A nation's overall level of economic well-being is determined by the interaction of spending and production decisions made by all households, firms, government agencies and others in the economy. Economic well-being can be assessed by analyzing economic indicators gathered by the government.***

Content Elaborations

One of the indicators on a nation's economic health is its Gross Domestic Product (GDP). This is a basic measure of economic output of the total market value of all final goods and services produced in a country in a given year. It allows experts to see whether the economy is moving forward or regressing.

Economists distinguish between nominal and real GDP. Nominal GDP is reflected in current dollars. Real GDP is adjusted for inflation.

Other economic indicators include the Consumer Price Index (CPI), unemployment rates, new residential sales, new residential construction, personal income and outlays, consumer confidence index and U.S. international transactions.

Expectations for Learning

Interpret and evaluate economic indicators (e.g., GDP, unemployment rates, CPI) to assess a nation's economic well-being.

Instructional Strategies

Assign students the task of researching various economic indicators (e.g., GDP, CPI, business spending, interest rates, inflation, employment, trade deficit, energy, housing and retail sales). Analyze the influence of each indicator on the economic well-being of a nation.

Alternative approach: Assign a different country to each group of students and have them prepare summary reports on how various economic factors influence their nation's economy. Draw conclusions from the data provided in the summary reports.

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Instructional Resources

Bureau of Labor Statistics
http://www.bls.gov/cpi
This site includes data on employment, productivity, price indexes and compensation.

Central Intelligence Agency
http://www.cia.gov
This site provides data on various economic indicators and comparison data from different countries.

U.S. Census Bureau
http://www.census.gov
This site includes data related to the U.S. Census.

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Topic	***Government and the Economy*** The health of a nation's economy is influenced by governmental policy. Fiscal policy can be used to spur economic growth. Monetary policy can be used to moderate fluctuations in the business cycle.
Content Statement	***8. Economic policy decisions made by governments result in both intended and unintended consequences.***

Content Elaborations

Economic policy decisions are generally intended to maintain a healthy economy. Examples include social security, deep ocean drilling, tax cuts and deficit spending. Sometimes there are unintended consequences.

The historic controversy over tariffs is an example of unintended consequences. The Hawley-Smoot Tariff of 1930 was protectionist legislation pushed by manufacturers and farmers. The tariff made it difficult for European producers to sell their products to the U.S. Consequently, the former European allies could not repay war debts and international trade stagnated.

One of several factors leading to the Great Depression in the United States was the excessive amount of lending by banks. This fueled speculation and use of credit. The Federal Reserve attempted to curb these practices by constricting the money supply. The effect was to worsen economic conditions by making it harder for people to repay debts and for businesses, including banks, to continue operations.

Government regulations have a specific intent. Some would argue, however, that the unintended consequences outweigh the benefits of the intentions of the regulations.

Fiscal policies are decisions to change spending and tax levels by the federal government to influence national levels of output, employment and prices.

Increasing federal spending and/or reducing taxes may promote more employment and output in the short run, but price levels and interest rates could rise as a result. Similarly,

Instructional Strategies

Discuss how some economic policy decisions, such as raising or lowering tariffs, which are intended to benefit the economy, can also have negative effects (e.g., Hawley-Smoot Tariff). Have students describe the intended and unintended consequences of a contemporary government economic policy decision.

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Instructional Resources

Connections

decreasing federal spending and/or increasing taxes will likely lead to lower price levels and interest rates, but in the short run, they decrease employment and output levels. The Federal Reserve System uses monetary policies to influence the supply of money and the availability of credit. The Fed induces changes in interest rates to influence prices, employment and spending. **Expectations for Learning** Describe the intended and unintended results of an economic policy decision made by a government.	
Essential Questions	

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Topic	***Global Economy*** Global issues and events influence economic activities.
Content Statement	***9. When regions and nations use comparative advantage to produce at the lowest cost and then trade with others, production, consumption and interdependence increase.***

Content Elaborations

Comparative advantage of regions and nations exists when they can produce goods or services at a lower opportunity cost than other individuals or nations. Specializing in the production of the good or service at a lower cost increases trade with others.

For example, Country X can produce either 400,000 tons of corn or 800,000 tons of wheat. The opportunity cost for Country X of producing one ton of corn is two tons of wheat

Country Y can produce either 100,000 tons of corn or 500,000 tons of wheat. The opportunity cost for Country Y producing one ton of corn is five tons of wheat

Of the two countries, Country X is the lower-cost producer of corn because for each ton of corn produced, it only has to give up the production of two tons of wheat, whereas Country Y has to give up the production of five tons of wheat. In the same manner, Country Y has a comparative advantage in producing wheat because for each ton of wheat produced, it only gives up 1/5 ton of corn. County X gives up 1/2 ton of corn for each ton of wheat produced.

Instead of each country trying to produce both corn and wheat at less than the highest production levels, it makes sense for Country X to specialize in producing corn and for Country Y to specialize in producing wheat. Each country can maximize production in one product and trade with each other for what they no longer produce. Country X can now trade one ton of corn for three tons of wheat (without specialization, the opportunity cost of producing one ton of corn was two tons of wheat). Country Y can now trade three

Instructional Strategies

Have students select specific products (e.g., oil, coffee, citrus fruits, wheat) and research how production of those specialized products spurs economic activity, sets pricing levels and establishes interdependence between and among regions and nations.

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Instructional Resources

Connections

tons of wheat for one ton of corn (without specialization, the opportunity cost of producing three tons of wheat was 3/5 ton of corn). Trade works to the benefit of both countries and consumption of these products can increase. **Expectations for Learning** Explain how production, consumption and interdependence increase when regions and nations trade with each other as a result of using comparative advantage.	
Essential Questions	

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Topic	***Global Economy*** Global issues and events influence economic activities.
Content Statement	***10. Government actions, such as tariffs, quotas, subsidies, trade agreements and membership in multinational economic organizations, significantly impact international trade.***

Content Elaborations

International trade can be affected by government actions. When imports are restricted by public policies, consumers pay higher prices and job opportunities and profits in exporting firms decrease.

Tariffs and import quotas are generally supported by producers of domestic products. A tariff is a tax on imported goods. Import quotas limit the number of products allowed into a country. The intent is to make domestic goods more competitive. However, as history has shown, affected countries can reciprocate with tariffs or import quotas of their own, consequently impacting international trade.

Some government subsidies significantly impact international trade. Since the 1930s, the U.S. has provided subsidies in the form of price supports to farmers to help them maintain a good standard of living. The government does this by paying farmers not to grow crops and purchasing surplus agricultural products for storage. This lowers the supply of the product and keeps the price at a level to help the farmers. However, this makes it difficult for foreign countries to sell the same or similar products to the U.S.

Instructional Strategies

Examine a subsidized product price (e.g., milk in the United States) and research the predicted cost to consumers of that item without subsidies.

Have students analyze the impact NAFTA has had on the U.S. economy by comparing the rate of North American trade before and after.

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Instructional Resources

Trading Around the World

This International Monetary Fund game provides a simple introductory activity to illustrate the nature and process of international trade. No trade barriers are used in this game. Search for *Trading Around the World*.

Connections

There are many multinational economic organizations such as the: • Asia-Pacific Economic Cooperation; • European Union; • International Monetary Fund (IMF); • Organization for Economic Co-operation and Development (OECD); • Organization of the Petroleum Exporting Countries (OPEC); • World Bank; and • World Trade Organization (WTO). Their purpose is to protect and/or support the economic interests of their member countries. For example, OPEC aims to control the price and supply of the oil its member countries produce. Its decisions affect international trade. **Expectations for Learning** Analyze how a nation's economic policies, trade agreements and/or memberships in multi-national organizations impact international trade.	
Essential Questions	

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Topic	***Working and Earning*** Employment provides a means of creating personal income.
Content Statement	***11. Income is determined by many factors including individual skills and abilities, work ethic and market conditions.***

Content Elaborations

Income may be determined by the skills and abilities an individual has. Some skills may require intense training and education. Income may be influenced by an individual's work ethic. One who puts in more hours or demonstrates a better attitude about his or her work may reap a higher income.

Market conditions can influence an individual's income. Economic, social, cultural and political conditions can all affect incomes. Jobs that are in high demand with a limited supply of workers with particular skills often offer higher incomes. Usually, these might be in certain professions that require years of education (e.g., doctors, dentists, lawyers).

Expectations for Learning

Explain how income is determined by many factors including individual skills and abilities, work ethic and market conditions.

Instructional Strategies

Research three professions and create a table for required training and education, potential earnings, job prospects, work expectations and working conditions in a region where the student would like to live. In small groups or as a whole class, chart out the data and discuss trends.

Career Connection

Students will choose one or more profession(s) for which they will conduct a career interview. Through the interview, students will identify various pathways across the career field, and what they can do in high school to prepare for entering into this field (e.g., academic course work, extracurricular activities, work experience).

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Instructional Resources

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Topic	***Working and Earning*** Employment provides a means of creating personal income.
Content Statement	***12. Employee-earning statements include information about gross wages, benefits, taxes and other deductions.***

Content Elaborations Employees are able to monitor their salaries through the information provided in their earning statements. Earning statements generally include gross and net wages over a year. They also may include benefits such as health insurance (medical, dental or vision) and retirement contributions. The statement will show how much the employer pays and how much the employee pays. Deductions for federal, state and local taxes are provided. Other deductions might be for annuities or payments for loans. **Expectations for Learning** Describe information that would be included in an employee's earning statements such as gross wages, benefits, taxes and other deductions.	**Instructional Strategies** Have students examine sample earning statements to identify the information included (e.g., FICA, retirement contributions, health care costs, union dues, local taxes, state taxes, federal taxes, charitable contributions). Ask them to define net vs. gross income and to determine the percentages of various deductions. **Diverse Learners** Strategies for meeting the needs of all learners including gifted students, English Language Learners (ELL) and students with disabilities can be found at this site. Additional strategies and resources based on the Universal Design for Learning principles can be found at www.cast.org. **Instructional Resources** **Connections**
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Topic	***Financial Responsibility and Money Management*** Responsible personal finance decisions are based upon reliable information and used to reach personal goals.
Content Statement	***13. Financial decision making involves considering alternatives by examining costs and benefits.***

Content Elaborations Establishing personal goals often involves evaluating alternative choices. When these goals include financial decision-making, individuals need to examine costs and benefits. Most financial decisions involve tradeoffs because resources are limited. Those decisions result in an opportunity cost. If a teenager wants to buy a car, he or she needs to consider the costs and benefits. *Can he or she afford the car? Will employment to earn money for the purchase take away from time for study or extracurricular activities? Would money earned be best saved for another goal?* **Expectations for Learning** Explain how financial decision making involves considering alternatives by examining costs and benefits.	**Instructional Strategies** Have students conduct a cost-benefit analysis of an item that they want to buy (e.g., prom dress, car, computer) and explain their findings. **Diverse Learners** Strategies for meeting the needs of all learners including gifted students, English Language Learners (ELL) and students with disabilities can be found at this site. Additional strategies and resources based on the Universal Design for Learning principles can be found at www.cast.org. **Instructional Resources** **Connections**
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Topic	***Financial Responsibility and Money Management*** Responsible personal finance decisions are based upon reliable information and used to reach personal goals.
Content Statement	***14. A personal financial plan includes financial goals and a budget, including spending on goods and services, savings and investments, insurance and philanthropy.***

Content Elaborations

A personal financial plan is designed to enable an individual to reach a goal. For a young person, it could be the steps to make a purchase such as music system or a car. It might be to make a trip or to pay for a college education. An adult might use a financial plan for short- and long-range goals. Short-range goals would be those to be obtained within a year. These might include purchasing an appliance, new tires for a car or taking a vacation. Long-range goals take longer, such as saving to purchase a house, pay for a child's college education or saving for retirement.

A personal financial plan includes a budget that estimates the income and expenses over a specific period of time. A budget can be used to manage spending and achieve financial goals. Long-range plans involve strategies for savings (e.g., passbook savings accounts, money-market accounts, time deposits, certificates of deposits).

Investments are intended to maximize savings (e.g., bonds, U.S. Treasury securities, stocks, mutual funds) but do involve greater risks.

Insurance is a way to protect the goals of an individual's financial plan. Generally, the most common insurance plans are life, health, automobile and home.

Many personal financial plans include philanthropic giving (e.g., donations to a religious or nonprofit organization throughout one's life or after one's death).

Instructional Strategies

Have students create and explain a personal budget based on their current situations, and then create hypothetical personal budgets for life as single adults 10 years from now. Many personal budget templates exist and can be found through an Internet search.

Have students track personal expenses for a specified period (e.g., week, month) using a cost tracker chart to demonstrate how their money is allocated. Use that data to make personal financial decisions to inform future spending.

Diverse Learners

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Instructional Resources

Reality simulations (e.g., Real Money, Real World) provide students with a role play of a family budget that demands real-world economic decision making.

Connections

Expectations for Learning Develop a financial plan that includes both short- and long-term goals within a budget, including spending on goods and services, savings and investments, and insurance and philanthropy.	
Essential Questions	

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Topic	***Financial Responsibility and Money Management*** Responsible personal finance decisions are based upon reliable information and used to reach personal goals.
Content Statement	***15. Different payment methods have advantages and disadvantages.***

Content Elaborations

Effective purchasing requires an understanding of the advantages and disadvantages of payment options.

Credit cards offer convenience in shopping, but interest rates on periodic balances will make purchases more expensive.

Individuals can set up different kinds of credit accounts with firms (i.e., regular, revolving, installment). All offer advantages and disadvantages.

Different types of loans are offered by financial institutions. There are advantages and disadvantages for these as well (e.g., single payment, installment)

Maintaining a system of financial recordkeeping will help inform financial decision making in the long run.

There are different ways of paying fixed, variable and periodic bills to maintain financial stability (e.g., cash, check, credit, debit, electronic).

Expectations for Learning

Evaluate the advantages and disadvantages of different payment methods.

Instructional Strategies

Have students calculate the real cost of buying an item using different means such as cash, credit cards and loans. Have students do a cost/benefit analysis and evaluation of buying the item now rather than waiting.

Diverse Learners

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Theme	***This course explores the fundamentals that guide individuals and nations as they make choices about how to use limited resources to satisfy their wants. More specifically, it examines the ability of individuals to use knowledge and skills to manage limited financial resources effectively for a lifetime of financial security.***
Topic	***Saving and Investing*** Saving and investing strategies help individuals achieve personal financial goals.
Content Statement	***16. Saving and investing help to build wealth.***

Content Elaborations	**Instructional Strategies**
Building wealth is the means for preparing for planned and/or unexpected expenses and for obtaining financial security. Savings is one way to build wealth (e.g., passbook savings accounts, money-market accounts, time deposits). Investments are ways to build wealth (e.g., bonds, stocks, mutual funds, 401(k) plans). Individuals may invest in real estate to rent or eventually sell at a profit. **Expectations for Learning** Explain how saving and investing help to build wealth.	Have students calculate the difference in earnings from a simple savings account vs. a money market account, vs. investing in bonds, stocks or mutual funds. Use financial data from banks, credit unions, brokerage firms and financial reports to project earnings over time. **Diverse Learners** Strategies for meeting the needs of all learners including gifted students, English Language Learners (ELL) and students with disabilities can be found at this site. Additional strategies and resources based on the Universal Design for Learning principles can be found at www.cast.org. **Instructional Resources** **Connections**

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Topic	***Saving and Investing*** Saving and investing strategies help individuals achieve personal financial goals.
Content Statement	***17. Savings can serve as a buffer against economic hardship.***

Content Elaborations	**Instructional Strategies**
Unexpected expenses occur due to loss of job, accidents, health issues or automobile and home repairs. Setting money aside for such emergencies can ease the stress of uncertainty until additional income is available. Economists and financial advisors offer many strategies for saving. Opening a savings account enables deposits to earn interest. There are many simple ways to start saving such as putting aside each day any loose change for deposit in a savings account or having a set amount automatically withdrawn from each paycheck for direct deposit into a saving or checking account. Paying yourself first is one successful strategy to accumulate savings and build personal wealth. **Expectations for Learning** Explain how savings can serve as a buffer against economic hardship.	Present students with several different scenarios for consideration and have them demonstrate how having available funds for unexpected emergencies can guard against further economic problems. **Diverse Learners** Strategies for meeting the needs of all learners including gifted students, English Language Learners (ELL) and students with disabilities can be found at this site. Additional strategies and resources based on the Universal Design for Learning principles can be found at www.cast.org. **Instructional Resources** **Connections**

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Topic	***Saving and Investing*** Saving and investing strategies help individuals achieve personal financial goals.
Content Statement	***18. Different costs and benefits are associated with saving and investing alternatives.***

Content Elaborations

The alternatives for saving and investing offer different costs and benefits.

Saving options include:

- Passbook savings accounts – convenient, low risk, limited return, little protection against inflation;
- Money-market accounts – liquidity, insured, can yield higher returns but returns can fluctuate; and
- Time deposits – may not withdraw for period of time, greater risk can yield higher returns, three types (i.e., fixed-term, certificates of deposit, open-account).

Investment options include:

- U.S. saving bonds – way to save, interest exempt from taxes, safe, lower return;
- Stocks – higher returns, greater risk, broker fees;
- Mutual funds – diversified stocks, lower risk, broker fees;
- Real estate – rental income, generally appreciates;
- Annuities – regular payments to beneficiary for specified period;
- 401(k) plans – employer-sponsored retirement plan that allows employee pre-tax dollars to accumulate tax-free; and
- Roth IRAs – after-tax contributions with tax-free earnings and tax-free distributions.

Wealth increases over time with systematic investments multiplied by compounding interest.

Instructional Strategies

Create a graphic organizer to show the advantages and disadvantages over the same time period when investing the same amount using different growth factors (e.g., simple vs. compound interest, periodic deposits, annual maintenance fees, penalty fees for early withdrawal, tax deferred vs. pre-tax investing).

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Diversification reduces personal risk by spreading around one's investments into different sectors of the economy. **Expectations for Learning** Distinguish among the different costs and benefits associated with saving and investing alternatives.	
Essential Questions	

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Topic	***Saving and Investing*** Saving and investing strategies help individuals achieve personal financial goals.
Content Statement	***19. Banks, brokerages and insurance companies provide access to investments such as certificates of deposit, stocks, bonds and mutual funds.***

Content Elaborations

Owning certificates of deposit (CDs), stocks, bonds and mutual funds are ways that investors can build wealth. Several types of financial institutions provide access to these tools.

CDs can be purchased through banks or brokerage firms. CDs are fixed-income investments for a term with a fixed amount of interest paid by the financial institution. At the end of the term, the financial institution pays the principal and interest earned. CDs are insured by the federal government.

Stocks are shares of a company that can be purchased by investors through brokerage firms. Investors are paid dividends and can make a profit if sold higher than the purchase price.

Bonds are investment instruments that are generally low-yield and low-risk that organizations and governmental units use to borrow money over prescribed terms.

Mutual funds and annuities hold diversified investments in stocks, bonds and money-market accounts to limit risks for the investor. They can be purchased through brokerage firms or insurance companies.

All of these investments generally involve a fee from the financial institution. The fees pay for the institution's expertise and time. Investors who are knowledgeable about stocks and mutual funds and have time to monitor their investments can make their purchases online.

Instructional Strategies

Have students visit local financial institutions (e.g., banks, savings and loans, credit unions, brokerage firms, insurance agencies) to find out what investment products and services each provides.

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Banks and credit unions provide basic financial services to individuals including savings, investments, loans and other fundamental forms of money management. **Expectations for Learning** Explain the access that banks, brokerages and insurance companies provide to investors for certificates of deposit, stocks, bonds and mutual funds.	
Essential Questions	

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Topic	***Credit and Debt*** Credit and debt can be used to achieve personal financial goals.
Content Statement	***20. There are costs and benefits associated with various sources of credit available from different types of financial institutions.***

Content Elaborations

There is a direct relationship between the cost of personal credit, the amount of financial liability a person carries and one's payment history.

Leasing, borrowing and rent-to-own are all different options to extend one's credit. Each comes with its own rates and terms.

Home mortgages, car loans, revolving credit accounts and short-cycle credit cards (e.g., gasoline, mobile phones) all operate differently.

The length of the payment term of a loan directly affects the interest rate. Generally, the longer the term, the lower the rate and the more costly the loan. Making the minimum payment on a credit liability increases the costs of the loan over its term.

Borrowing against the cash value of an insurance policy is generally less expensive than borrowing from a bank or credit union. The borrower repays his or her own policy instead of paying a third party, but this method of borrowing lessens the value of the insurance coverage during the term of the loan.

Expectations for Learning

Give examples of different kinds of credit that are provided by financial institutions and explain the costs and benefits of each.

Instructional Strategies

Use graphic organizers to evaluate different forms of credit including interest rates, the term of the credit and possible hidden charges (e.g., annual fees, late fees, early payoff penalties).

Have students compare the costs and terms of credit associated with various purchases (e.g., home mortgages, buying an automobile, financing a college education, paying for a cell phone, paying a personal credit card).

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Topic	***Credit and Debt*** Credit and debt can be used to achieve personal financial goals.
Content Statement	***21. Credit and debt can be managed to maintain credit worthiness.***

Content Elaborations

Credit is a valuable tool for making large purchases such as a house or automobile. Maintaining credit worthiness is important. An individual does this by carefully managing his or her credit and debt.

Managing credit includes:

- Paying bills on time;
- Limiting the number of credit cards; and
- Monitoring credit score reports.

The responsible use of credit helps one achieve financial and lifestyle goals. Handling personal finances responsibly helps establish credit worthiness that can result in the ability to obtain future credit.

Managing debt includes:

- Prioritizing potential purchases;
- Limiting borrowing;
- Monitoring expenses; and
- Creating a savings account.

Failure to manage one's debt could result in bankruptcy, foreclosure, repossession of property, difficulty securing a job and/or inability to obtain future credit.

Expectations for Learning

Describe how credit and debt can be managed to maintain credit worthiness.

Instructional Strategies

Have students examine factors impacting credit scores and create related vignettes that explain and identify how those different factors impact those scores.

Explain how different levels of credit and debt can affect a credit score. Have students determine an acceptable credit spending level vs. the limit allowed by the credit card company.

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Topic	***Credit and Debt*** Credit and debt can be used to achieve personal financial goals.
Content Statement	***22. Consumer protection laws provide financial safeguards.***

Content Elaborations

Consumer protection laws at the federal, state and local levels are designed to provide safeguards for personal finances. These laws are monitored and enforced by different government organizations including the U.S. Securities and Exchange Commission (SEC) and the Federal Trade Commission (FTC) and individual state consumer protection agencies.

The SEC regulates the buying and selling of stocks. It monitors brokerage firms and stock exchanges.

Agencies within the FTC provide financial safeguards. For example, the FTC's Bureau of Consumer Protection:

- Protects consumers against unfair, deceptive or fraudulent practices;
- Enforces consumer protection laws enacted by Congress; and
- Regulates financial practices.

Other organizations and legal constraints at both the local and state levels exist to help protect individuals and their financial resources (e.g., Better Business Bureaus, Ohio Consumers' Council, lemon laws).

Expectations for Learning

Explain how consumer protection laws provide financial safeguards.

Instructional Strategies

Have students investigate their consumer rights by providing several personal situations (e.g., as recent buyer of car that repeatedly breaks down, recently purchased video game that malfunctions). Ask them to consider what recourse they have and have them develop an action plan for resolution of the issue that they will present to the class.

Teachers can use the jigsaw cooperative learning strategy to have students research and present short summaries of laws providing financial safeguards.

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Instructional Resources

Resources are available from local, state and national organizations, including local Better Business Bureaus, the Ohio Attorney General's Office of Consumer Protection Section, the Federal Trade Commission and the U.S. Department of Treasury's Consumer Financial Protection Bureau.

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Topic	***Risk Management*** There are various strategies to help protect personal assets and wealth.
Content Statement	***23. Property and liability insurance protect against risks associated with use of property.***

Content Elaborations	**Instructional Strategies**
Insurance can be used to help defer personal liability and the loss of personal assets. Loss can be minimized by the use of a comprehensive insurance plan that covers property loss and personal liability against outside claims. There are different types of insurance that cover specific kinds of losses (e.g., property and casualty, flood, comprehensive liability). **Expectations for Learning** Explain the differences between property and liability insurance and how each protects the owner against potential loss.	Have students visit local insurance agencies to learn about the different insurance products and the costs and benefits of insurance. Invite local insurance agents to serve as guest speakers on risk management and help students learn ways to protect against loss. **Diverse Learners** Strategies for meeting the needs of all learners including gifted students, English Language Learners (ELL) and students with disabilities can be found at this site. Additional strategies and resources based on the Universal Design for Learning principles can be found at www.cast.org. **Instructional Resources** **Connections**

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Topic	***Risk Management*** There are various strategies to help protect personal assets and wealth.
Content Statement	***24. Health, disability and life insurance protect against risks associated with increased expenses and loss of income.***

Content Elaborations Insurance is designed to weigh the costs of coverage vs. the risk of financial loss. Health insurance takes into consideration certain factors (e.g., age, family history, lifestyle) to develop a cost structure. Disability and life insurances also consider life expectancy rates, personal habits (e.g., smoking, drinking), family history and current lifestyle. Different insurance tools can build and retain wealth or simply provide coverage in case of loss. Often, term life insurance is a benefit of employment, while both health and disability coverage are available with different options (e.g., family coverage, co-pays). **Expectations for Learning** Identify the different kinds of insurance and explain how they protect consumers.	**Instructional Strategies** Have students visit local insurance agencies to learn about the different costs of insurance. Ask about different insurance tools available on the market to protect against loss. Invite local insurance agents to serve as guest speakers on the topic of risk management and to help students learn ways to protect against loss. **Diverse Learners** Strategies for meeting the needs of all learners including gifted students, English Language Learners (ELL) and students with disabilities can be found at this site. Additional strategies and resources based on the Universal Design for Learning principles can be found at www.cast.org. **Instructional Resources** **Connections**
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Topic	***Risk Management*** There are various strategies to help protect personal assets and wealth.
Content Statement	***25. Steps can be taken to safeguard one's personal financial information and reduce the risk of loss.***

Content Elaborations

Identity theft is one of the most rapidly growing white collar crimes in America. Safeguarding one's personal information and one's financial information are responsibilities of each individual.

This would include:

- Safeguarding Internet passwords and financial account numbers;
- Shredding information that includes personal financial data;
- Keeping accurate records in secure locations of all account numbers;
- Regularly monitoring all financial accounts for external intrusions;
- Regularly checking one's credit report for any irregularities;
- Limiting any specific financial information requested online or over the phone;
- Safeguarding social security numbers as well as credit card and banking account information; and
- Regularly backing up data in financial software.

Expectations for Learning

Create strategies for protecting one's personal financial information.

Instructional Strategies

Have students identify steps that can be taken to safeguard their personal and financial information (e.g., how to store and discard important documents, how and to whom information should be released). Show examples of phishing and other scams used to obtain information for the purpose of identity theft.

Discuss what steps should be taken in the event of an identity theft (e.g., contacting the major credit-rating agencies, contacting creditors to freeze credit cards and accounts, notifying legal authorities).

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