

Financial Literacy DRAFT Model Curriculum for Primary (K-6) and Middle School (Grades 7-8)

Financial Literacy is defined as the ability to read, analyze, manage and communicate about personal financial conditions that affect one's material well-being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future and respond completely to life events that affect every day financial decisions, including events in the general economy.

--NASBE Commission on Financial and Investor Literacy

Topic: Financial Responsibility and Decision Making:

In our U.S. economy, personal financial decisions rest with the individual. Making responsible decisions related to goals for lifestyle and financial wants fosters financial success and security.

Content Statement: 1. Financial responsibility entails being accountable for managing money in order to satisfy one's current and future economic choices.

Primary Grades	Middle Grades
<p>Wants:</p> <ul style="list-style-type: none"> • People have wants and must make choices to satisfy those wants. <p>Scarcity:</p> <ul style="list-style-type: none"> • People have limited resources and must prioritize their wants. • Society has limited resources and how those resources are acquired by one person impacts other people. <p>Currency:</p> <ul style="list-style-type: none"> • Money (currency) is used as the most common means of economic exchange. <p>Decision-making:</p> <ul style="list-style-type: none"> • Economic decisions are choices made by individuals to satisfy their wants. These decisions will affect other people. • Making choices includes weighing costs, benefits and personal values. <p>Goods/Services:</p> <ul style="list-style-type: none"> • Goods are objects that satisfy wants. • Services are activities performed by people to satisfy wants. 	<p>Decision-making:</p> <ul style="list-style-type: none"> • Choices made by individuals, businesses and governments have both present and future consequences. • A key to financial well-being is to spend less than you earn. • The effective management of the one's personal finances includes using a variety of economic tools and/or resources including basic banking services (e.g. savings and checking accounts) and credit. • Factors impacting financial decision-making are social and cultural differences of people and their attitudes, assumptions and patterns of behavior toward money, saving, investing and work. <p>Opportunity Costs:</p> <ul style="list-style-type: none"> • Making economic decisions forces people to choose among wants. • Every choice includes the cost of a want not obtained.

Topic: Financial Responsibility and Decision-Making:

In our U.S. economy, most personal financial decisions rest with the individual. Making responsible decisions related to goals for lifestyle and financial wants fosters financial success and security.

Content Statement: 2. Financial Responsibility involves life-long decision-making strategies which include consideration of alternatives and consequences.

Primary Grades	Middle Grades
<p>Decision-making:</p> <ul style="list-style-type: none">• Wise economic choices are made consistent with long-term financial goals.• People make economic choices throughout their lives using decision-making strategies. <p>Opportunity Costs:</p> <ul style="list-style-type: none">• Individuals must make decisions because of the scarcity of resources. Making decisions involves opportunity costs, the value of the next best alternative given up when an economic choice is made.	<p>Decision-making:</p> <ul style="list-style-type: none">• Wise decision-making strategies involve identifying the problem, listing options, determining the pros and cons, making the best decision and evaluating the decision. <p>Opportunity Costs:</p> <ul style="list-style-type: none">• Financial choices that people make have benefits, costs and future consequences.

Topic: Income and Careers

Career choices impact earning potential. Many factors, including a sound work ethic, educational level, skills and experiences affect gross income. Decisions related to benefits, deductions, retirement, investments, etc., affect net income.

Content Statement: 3. Competencies (knowledge and skills), commitment (motivation and enthusiasm), training, work ethic, abilities and attitude are all factors impacting one's earning potential.

Primary Grades	Middle Grades
<p>Earnings:</p> <ul style="list-style-type: none">• People earn income in exchange for their labor and/or expertise. <p>Career Attributes:</p> <ul style="list-style-type: none">• Knowledge, skills, abilities and interests affect career and job choice.• Educational level and training have a direct effect on career and job choice.	<p>Earning:</p> <ul style="list-style-type: none">• Generally, people earn higher incomes with higher levels of education, training and experience. <p>Career Attributes:</p> <ul style="list-style-type: none">• Earned income can be directly affected by career choices, education choices, training, individual skills, entrepreneurial endeavors, industry trends, and environmental and economic conditions.• Workers can improve their ability to earn income by gaining new knowledge, skills and experience.

Topic: Income and Careers

Career choices impact earning potential. Many factors, including a sound work ethic, educational level, skills and experiences affect gross income. Decisions related to benefits, deductions, retirement, investments, etc., affect net income.

Content Statement: 4. Income sources include job earnings and benefits, business earnings, saving and investment earnings, government payments, grants, inheritances, etc.

Primary Grades	Middle Grades
<p>Income:</p> <ul style="list-style-type: none">• People can acquire income in several ways, including wages, salaries, savings, investments and money gifts. <p>Entrepreneurs:</p> <ul style="list-style-type: none">• Entrepreneurs create and run businesses and are willing to take risks to make a profit.	<p>Income:</p> <ul style="list-style-type: none">• People can receive income from savings and investments.• Government payments provide unearned income to some households. <p>Entrepreneurs:</p> <ul style="list-style-type: none">• Entrepreneurs use their interests, skills and knowledge and their willingness to accept risk in order to start a business.

Topic: Income and Careers

Career choices impact earning potential. Many factors, including a sound work ethic, educational level, skills and experiences affect gross income. Decisions related to benefits, deductions, retirement, investments, etc., affect net income.

Content Statement: 5. Taxes, retirement, insurance, employment benefits and both voluntary and involuntary deductions impact take-home pay.

Primary Grades	Middle Grades
<p>Income:</p> <ul style="list-style-type: none">• Wages/salaries minus deductions and taxes equal take-home pay. <p>Taxes:</p> <ul style="list-style-type: none">• Taxes are payments people make to the government in return for services.	<p>Income:</p> <ul style="list-style-type: none">• Net income (take-home pay) is what remains after all deductions and taxes are taken from gross income. <p>Deductions:</p> <ul style="list-style-type: none">• Involuntary deductions include employer-paid and employee-paid federal, state or local taxes, FICA, Medicare.• Voluntary deductions include charitable deductions, deferred compensation, union dues, insurance premium payments and retirement plan contributions. <p>Employment Benefits:</p> <ul style="list-style-type: none">• Some jobs include employee benefits in addition to pay. They include paid time off, health, life and disability insurance, and retirement options. <p>Taxes:</p> <ul style="list-style-type: none">• Paying taxes is a civic responsibility.• Taxes paid to different governmental entities provide a wide variety of services (e.g. protection, infrastructure, health and welfare, education, recreation).

Topic: Planning and Money Management

A disciplined financial plan is a critical component for financial success. Financial institutions and professionals provide services, expertise and guidance in developing and implementing one's financial plan.

Content Statement: 6. Financial responsibility includes the development of a spending and savings plan (personal budget).

Primary Grades	Middle Grades
<p>Budget:</p> <ul style="list-style-type: none">• A budget is a plan to help people make informed economic decisions for the present and future and to become more financially responsible.• Budgets are plans for using income productively, including spending, sharing and setting money aside for future expenses (savings).• People can save a portion of their income by reducing the amount of money they spend. <p>Financial Responsibility:</p> <ul style="list-style-type: none">• Financial decisions should be made by considering alternatives and consequences measured against economic goals.	<p>Budget/spending plan:</p> <ul style="list-style-type: none">• A budget identifies expected income and expenses, including savings, and serves as a guide to help people live within their income.• Budgets are tools that can serve financial well-being for various applications) personal, family, business).• A personal budget is created by allocating take-home pay among identified categories, e.g., housing, food, utilities, transportation, clothing, entertainment, debt repayment and savings. <p>Saving Plan:</p> <ul style="list-style-type: none">• Utilize strategies such as Pay Yourself First (PYF), creation of emergency fund, and saving for long-term goals, using tools ranging from piggy banks to direct deposit into savings accounts.• Savings should be accessible for emergencies and relatively free of risk of loss.

Topic: Planning and Money Management

A disciplined financial plan is a critical component for financial success. Financial institutions and professionals provide services, expertise and guidance in developing and implementing one's financial plan.

Content Statement: 7. Financial literacy includes a decision-making strategy on purchasing.

Primary Grades	Middle Grades
<p>Purchasing:</p> <ul style="list-style-type: none">• When making decisions about buying goods or series, compare the quality and costs of each. <p>Contracts:</p> <ul style="list-style-type: none">• Contracts, both verbal and written, are agreements that bind two or more parties into a financial relationship.	<p>Paying Bills:</p> <ul style="list-style-type: none">• Some payment methods are more expensive than others.• Some payment methods are more secure than others. <p>Contracts:</p> <ul style="list-style-type: none">• The terms of a written contract, including costs, time frame for payments, interest rate, and penalties and default consequences should be read and fully understood before signing.

Topic: Planning and Money Management

A disciplined financial plan is a critical component for financial success. Financial institutions and professionals provide services, expertise and guidance in developing and implementing one's financial plan.

Content Statement: 8. Financial institutions offer a variety of products and services to address financial responsibility.

Primary Grades	Middle Grades
<p>Money Management:</p> <ul style="list-style-type: none">• Banks, savings and loan associations and credit unions are places where people can save, borrow, invest money and earn interest.• Financial institutions offer different types of services such as checking, savings, and investment accounts and loans (i.e. home mortgages, college loans, auto loans, credit cards, short-term personal loans, etc.).	<p>Money Management:</p> <ul style="list-style-type: none">• Sound money management helps individuals progress toward meeting short-and long-term goals.• Banking services and credit help individuals manage their finances.• Savings and checking accounts are tools to help manage personal finances.• Digital banking tools such as ATMs, debit cards, direct pay and other mobile apps, online banking and electronic bill pay provide fast and convenient services.• Home mortgages, credit cards, and auto loans are lending products offered by financial institutions.

Topic: Planning and Money Management

A disciplined financial plan is a critical component for financial success. Financial institutions and professionals provide services, expertise and guidance in developing and implementing one's financial plan.

Content Statement: 9. Financial experts provide guidance and advice on a wide variety of financial issues.

Primary Grades	Middle Grades
<p>Financial Experts:</p> <ul style="list-style-type: none">• There are trained professionals who can provide assistance with financial plans.	<p>Financial Experts:</p> <ul style="list-style-type: none">• There are advantages and disadvantages of the various sources of professional assistance with financial issues.• Financial experts vary in their level of expertise based on certifications, training and experience.

Topic: Planning and Money Management

A disciplined financial plan is a critical component for financial success. Financial institutions and professionals provide services, expertise and guidance in developing and implementing one's financial plan.

Content Statement: 10. Planning for paying state and federal taxes is a financial responsibility.

Primary Grades	Middle Grades
<p>Taxes:</p> <ul style="list-style-type: none">• People are required to pay taxes for government services and benefits.	<p>Taxes:</p> <ul style="list-style-type: none">• There are required federal, state and local taxes that must be paid (e.g. income, property, excise, sales, use, permit and license taxes) for government services and benefits.• There are negative consequences for failure to pay required taxes.• There are various sources of trained professionals with expertise in tax planning and filing of tax returns.

Topic: Consumerism

Informed purchasing decisions are essential for responsible financial management. Limited protections against some consumer fraud exist in government regulatory agencies and laws. Ultimately, consumers must be informed and vigilant when making purchasing decisions.

Content Statement: 11. Consumerism entails making choices consistent with one’s financial plan including decision-making strategies on purchasing.

Primary Grades	Middle Grades
<p>Decision-making:</p> <ul style="list-style-type: none">• Making purchasing decisions about goods and services includes comparing price, quality and availability.• Peer pressure and advertising can affect spending decisions.	<p>Decision-making:</p> <ul style="list-style-type: none">• Consumers can gather information on price, quality and availability via print-based and electronic advertising, personal recommendations and independent reviews.• External factors such as marketing campaigns and advertising techniques, can influence spending decisions.• A cost-benefit analysis consists of determining the potential costs of an item or service and relative benefits of purchasing that item or service.

Topic: Consumerism

Informed purchasing decisions are essential for responsible financial management. Limited protections against some consumer fraud exist in government regulatory agencies and laws. Ultimately, consumers must be informed and vigilant when making purchasing decisions.

Content Statement: 12. Consumer advocates, organizations and regulations provide important information and help protect against potential consumer fraud.

Primary Grades	Middle Grades
<p>Consumer Protection:</p> <ul style="list-style-type: none">• Regulations requiring item labels help provide consumer information. <p>Contracts:</p> <ul style="list-style-type: none">• Written and verbal contracts contain the terms of agreement and can help protect consumers against misunderstanding or fraud.	<p>Consumer Protection Information:</p> <ul style="list-style-type: none">• Government regulations require product disclosure information be included on item labeling.• Consumers can get information from public and private sources.

Topic: Consumerism

Informed purchasing decisions are essential for responsible financial management. Limited protections against some consumer fraud exist in government regulatory agencies and laws. Ultimately, consumers must be informed and vigilant when making purchasing decisions.

Content Statement: 13. Utilizing financial services and risk management tools, and interpreting and comparing consumer lending statements, terms, and conditions enable one to be an informed consumer.

Primary Grades	Middle Grades
<p>Consumer Protection:</p> <ul style="list-style-type: none">• Individuals and/or households must manage a variety of risks when making financial decisions.	<p>Consumer Protection:</p> <ul style="list-style-type: none">• Multiple sources of financial information can be considered before making a purchase (e.g. price, terms of payment, interest rate, warranty, return policy).• Consumers can obtain risk management tools to protect purchases.• Consumers can compare products using terms, conditions, and lending statements.

Topic: Consumerism

Informed purchasing decisions are essential for responsible financial management. Limited protections against some consumer fraud exist in government regulatory agencies and laws. Ultimately, consumers must be informed and vigilant when making purchasing decisions.

Content Statement: 14. Consumer protection laws help safeguard individuals from fraud and potential loss.

Primary Grades	Middle Grades
<p>Consumer Protection:</p> <ul style="list-style-type: none">• Fraud exists in society.• Laws are passed to help protect people from loss of income and/or property.• Government organizations have been created to help inform and protect consumers from the possible loss of income or assets.	<p>Consumer Protection Information:</p> <ul style="list-style-type: none">• Laws and regulations exist to help protect consumers from a variety of seller and lender abuses including deceptive business practices.• Processes exist to address illicit and/or corrupt business practices or faulty goods or services.

Topic: Consumerism

Informed purchasing decisions are essential for responsible financial management. Limited protections against some consumer fraud exist in government regulatory agencies and laws. Ultimately, consumers must be informed and vigilant when making purchasing decisions.

Content Statement: 15. Planned purchasing decisions factor in direct (price) and indirect costs (e.g. sales/use tax, excise tax, shipping, handling and delivery charges, etc.).

Primary Grades	Middle Grades
<p>Planned Purchasing Decisions:</p> <ul style="list-style-type: none">The final price of a product or service includes cost plus the applicable taxes and shipping and handling	<p>Purchasing Decisions:</p> <ul style="list-style-type: none">Costs associated with purchasing include how, when and where a product/service is obtained, the relative availability of the product/service, the relative quality of the product/service, and all applicable taxes.

Topic: Investing

The goal of financial management is to increase one’s net worth. Investing through a variety of options is one way to build wealth and increase financial security. Many factors impact and retirement plans including government regulations and global economic and environmental conditions.

Content Statement: 16. Using key investment principles one can achieve the goal of increasing net worth.

Primary Grades	Middle Grades
<p>Net Worth:</p> <ul style="list-style-type: none">Net worth is the total of available cash, including savings and investments plus any property or other assets minus liabilities. <p>Savings:</p> <ul style="list-style-type: none">Saving a portion of income can help meet future goals and increase net worth.Interest earnings are generated by saving/investing money through financial institutions.	<p>Investments:</p> <ul style="list-style-type: none">There are many investment vehicles that can be bought and sold to increase net worth and to generate returns.Key investment principles include: putting money at risk to generate returns; understanding time value of money; and recognizing that higher risk is related to higher rewards/loss.

Topic: Investing

The goal of financial management is to increase one’s net worth. Investing through a variety of options is one way to build wealth and increase financial security. Many factors impact and retirement plans including government regulations and global economic and environmental conditions.

Content Statement: 17. Investment strategies must take several factors into consideration including the time horizon of the investment, the degree of diversification, the investor’s risk tolerance, how assets are selected and allocated, product costs, fees, tax implications and the time value of money.

Primary Grades	Middle Grades
<p>Investments:</p> <ul style="list-style-type: none">• Investment products can be used to potentially increase financial returns.• Investment decisions have opportunity costs.• Investment accounts and savings vehicles are ways to earn money from income not spent.	<p>Investments:</p> <ul style="list-style-type: none">• Compound interest is money earned on both principal and previously earned interest.• Inflation impacts the value of investments.• The Rule of 72 is a tool for estimating the time and rate of return required to double a sum of money.

Topic: Investing

The goal of financial management is to increase one’s net worth. Investing through a variety of options is one way to build wealth and increase financial security. Many factors impact and retirement plans including government regulations and global economic and environmental conditions.

Content Statement: 18. Government agencies are charged with regulating providers of financial services to help protect investors.

Primary Grades	Middle Grades
<p>Financial Regulations:</p> <ul style="list-style-type: none">• Federal, state and local entities provide• Some degree of oversight to safeguard investor’s rights.• Some laws are designed to help protect consumers and investors against fraud or illegal practices.	<p>Investor Protection:</p> <ul style="list-style-type: none">• Laws and regulations exist to help protect investors from a variety of abuses by financial service providers.• Government agencies have been created to help educate and protect investors against fraud by financial service organizations.

Topic: Credit/Debt

Responsible use of credit is one tool to help achieve financial and lifestyle goals. To successfully advance through life stages a consumer must create, establish and maintain credit worthiness. Disciplined consumers borrow within their means at favorable terms and responsibly repay debt.

Content Statement: 19. Credit is contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some later date.

Primary Grades

Middle Grades

Credit:

- Credit is a basic financial tool.
- Credit is the capacity to borrow.
- Borrowing money to buy something usually costs more than paying cash because there is a fee for credit (interest).
- Responsible borrowers repay as promised, showing they are worthy of getting credit in the future.

Credit:

- Establishing a sound credit history is a step toward credit worthiness.
- The responsible use of credit can expand a consumer's financial capability.
- The terms of credit are generally specified in a written contract.

Topic: Credit/Debt

Responsible use of credit is one tool to help achieve financial and lifestyle goals. To successfully advance through life stages a consumer must create, establish and maintain credit worthiness. Disciplined consumers borrow within their means at favorable terms and responsibly repay debt.

Content Statement 20: Debt is an obligation owed by one party to a second party.

Primary Grades

Middle Grades

Credit:

- Borrowing money to buy something usually costs more than paying cash because there is a fee for credit (interest).
- What is borrowed must be repaid.

Debt:

- Debt is when you owe someone money for a product or service that you obtained.

Credit:

- Sometimes people borrow more money than they can repay, which can have consequences such as repossession and/or garnishment.

Debt:

- Debt can be both good and bad depending on the type, timing and amount incurred.
- Not repaying debt on time can increase the cost of debt and/or reduce one's credit worthiness.

Topic: Credit/Debt

Responsible use of credit is one tool to help achieve financial and lifestyle goals. To successfully advance through life stages a consumer must create, establish and maintain credit worthiness. Disciplined consumers borrow within their means at favorable terms and responsibly repay debt.

Content Statement: 21. Effectively balancing one's credit and debt helps one achieve some short and long term goals.

Primary Grades	Middle Grades
<p>Debt:</p> <ul style="list-style-type: none">Responsible borrowers repay as promised, showing that they are worthy of getting credit in the future. <p>Credit:</p> <ul style="list-style-type: none">The ability to purchase things on credit provides greater flexibility than the practice of paying cash but also runs the risk of incurring debt over time. <p>Trade-offs:</p> <ul style="list-style-type: none">An economic decision that in the short term affects our ability to achieve long-term goals.The balancing of multiple factors, all of which you cannot have at the same time.	<p>Credit:</p> <ul style="list-style-type: none">Comparing the costs and benefits of buying on credit is key to making good purchase decision.Paying off credit card balances monthly is a sound financial practice that helps establish credit worthiness. <p>Debt:</p> <ul style="list-style-type: none">Carrying a certain amount of debt that is paid off consistently helps establish one's credit profile.

Topic: Credit/Debt

Responsible use of credit is one tool to help achieve financial and lifestyle goals. To successfully advance through life stages a consumer must create, establish and maintain credit worthiness. Disciplined consumers borrow within their means at favorable terms and responsibly repay debt.

Content Statement: 22. Financial documents and contractual obligations inform the consumer and define the terms and conditions of establishing credit and incurring debt.

Primary Grades	Middle Grades
<p>Debt:</p> <ul style="list-style-type: none">Contracts are oral or written agreements.Written contracts are signed documents that state the terms of borrowing money or buying something on credit, the term or length of time period involved, the interest rate charged by the lender and the specific terms of the repayment process.One should always thoroughly read and understand the terms of any contract before agreeing to its terms.	<p>Debt:</p> <ul style="list-style-type: none">For any given loan amount, the longer the loan period, the smaller the monthly payment but the greater the total cost of credit and the higher the interest rate. <p>Credit:</p> <ul style="list-style-type: none">Understanding the terms of use for credit cards includes the knowing interest rate, the payment term and the penalties associated with late or missing payments.

Topic: Credit/Debt

Responsible use of credit is one tool to help achieve financial and lifestyle goals. To successfully advance through life stages a consumer must create, establish and maintain credit worthiness. Disciplined consumers borrow within their means at favorable terms and responsibly repay debt.

Content Statement: 23. Credit and debt affect tax obligations.

Primary Grades	Middle Grades
	<p>Credit:</p> <ul style="list-style-type: none">• Credit bureaus maintain credit reports, which record borrowers' histories of repaying loans. <p>Taxes:</p> <ul style="list-style-type: none">• One's credit and debt history can have an impact on tax obligations.

Topic: Risk Management and Insurance

As individuals accumulate net worth and establish a standard of living they assume the risk of loss of income and assets.

Content Statement: 24. A risk management plan can protect consumers from the potential loss of personal and/or business assets or income.

Primary Grades	Middle Grades
<p>Insurance:</p> <ul style="list-style-type: none">• A plan is designed approach to reaching a goal.• Risk is the possibility of loss of one's financial resources or assets.• Loss means diminished financial value.• Assets are those things that you own or possess that have monetary value.• Premiums are payments pooled with others to help reduce risk.	<p>Risk Management:</p> <ul style="list-style-type: none">• Risk management strategies include risk avoidance, risk control and risk transfer through the use of insurance. <p>Insurance:</p> <ul style="list-style-type: none">• A comprehensive risk management plan utilizes insurance to protect against loss of one's assets, financial income and/or personal well-being.

Topic: Risk Management and Insurance

As individuals accumulate net worth and establish a standard of living they assume the risk of loss of income and assets.

Content Statement: 25. Safeguards exist that help protect one’s identity.

Primary Grades	Middle Grades
Identity Protection: <ul style="list-style-type: none">• People should be careful to protect their personal information.	Identity Protection: <ul style="list-style-type: none">• Care should be exercised to protect personal information and documents.• There are some products and services that can be purchased to help mitigate against the impact of identity theft.

Topic: Risk Management and Insurance

As individuals accumulate net worth and establish a standard of living they assume the risk of loss of income and assets.

Content Statement: 26. Diversification of assets is one way to manage risk.

Primary Grades	Middle Grades
Diversification: <ul style="list-style-type: none">• Not putting all your eggs in one basket helps protect against loss of personal wealth and/or assets.	Diversification: <ul style="list-style-type: none">• Diversification is a strategy designed to reduce exposure to risk.• Allocating personal wealth indifferent ways (e.g. savings, investments, property) serves to help protect against major loss.• Use of a skilled financial advisory can help safeguard one’s investments through diversification.

Topic: Risk Management and Insurance

As individuals accumulate net worth and establish a standard of living they assume the risk of loss of income and assets.

Content Statement: 27. A comprehensive insurance plan (health, life, disability, auto, homeowners, renters, liability, etc.) serves as a safeguard against potential loss.

Primary Grades	Middle Grades
<p>Insurance:</p> <ul style="list-style-type: none">• Insurance provides a safety net to protect something you own from financial loss.• There are different kinds of insurance that provide different kinds of protection.• A premium is an amount paid incrementally (monthly, quarterly, semi-annually or annually) to gain an amount of asset protection.	<p>Insurance:</p> <ul style="list-style-type: none">• A qualified insurance professional can provide advice on creating comprehensive insurance plan to protect one's self and one's assets.• There are many different kinds of insurance products on the market providing different kinds of protections.