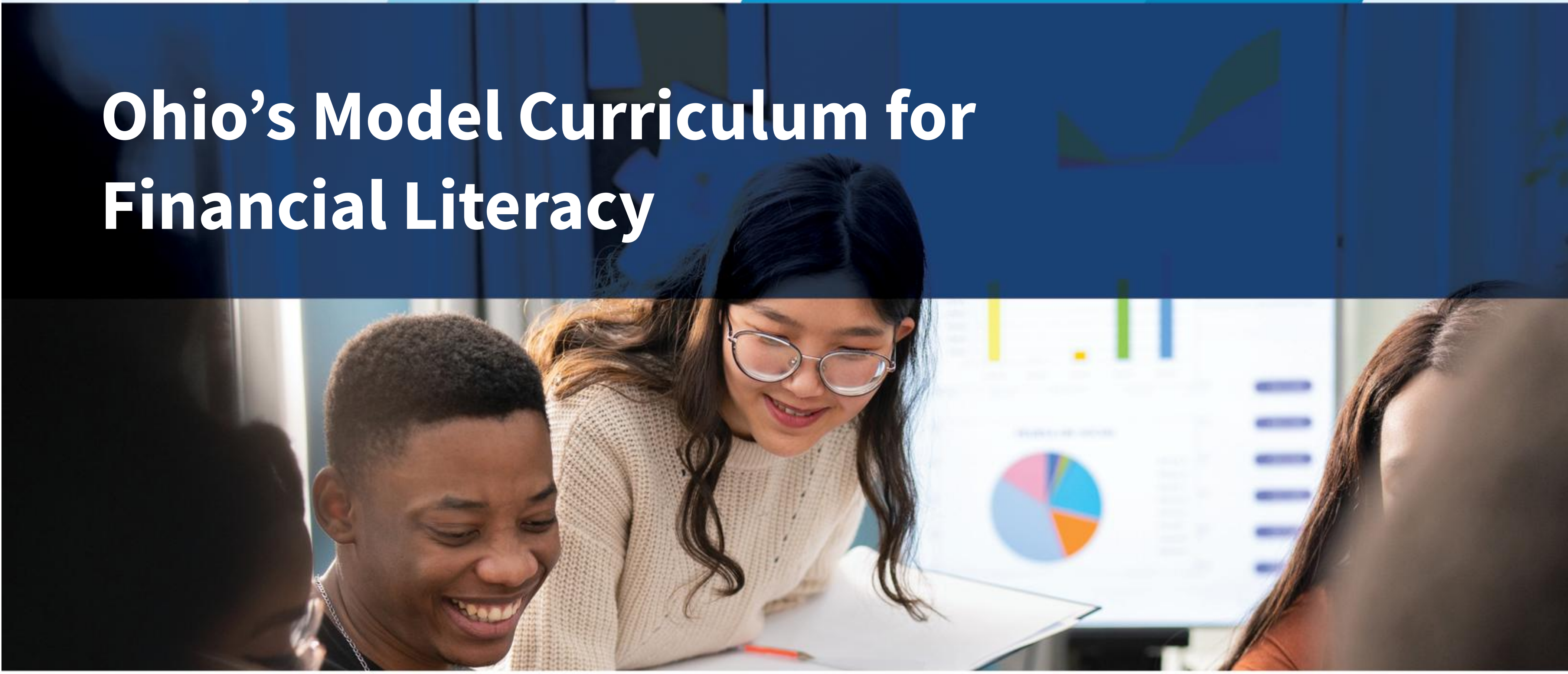
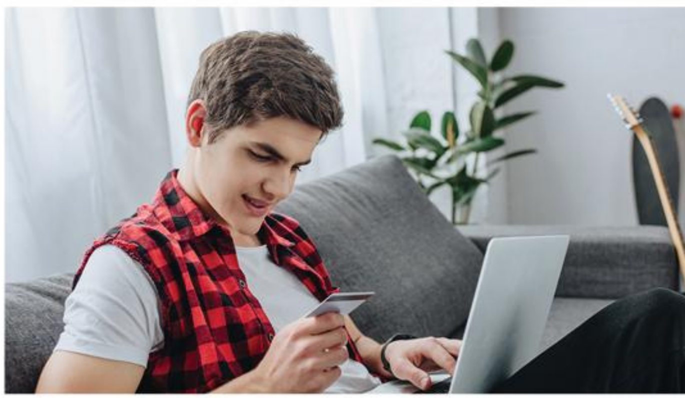
Ohio's Model Curriculum for Financial Literacy



High School (Grades 9-12)

July 2025



Department of Education & Workforce

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Introduction to Ohio’s Model Curriculum for Financial Literacy in High School

In June 2024, Ohio enacted into law new requirements for free market capitalism academic content in financial literacy standards and model curriculum. The Ohio Department of Education and Workforce convened a Stakeholder Group of Ohio educators, business, and community representatives to revise the Financial Literacy in High School model curriculum and include the essential academic content incorporated in Ohio law aligned to the revised Ohio’s Learning Standards for Financial Literacy in High School.

Ohio’s Model Curriculum for Financial Literacy expands on Ohio’s Learning Standards for Financial Literacy to provide focused, coherent, and rigorous expectations of the academic content and skills included in each grade band. The revised Financial Literacy in High School model curriculum also incorporates the essential academic content on the principles and concepts of free market capitalism, blending the foundations of the capitalist economic system with the practical application of knowledge and skills to promote financial well-being. Ohio’s Model Curriculum for Financial Literacy can serve as an essential tool in supporting the use of high-quality instructional strategies and high-quality instructional materials.

Guiding Assumptions and Philosophy of Ohio’s Model Curriculum for Financial Literacy

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

Ohio’s Model Curriculum for Financial Literacy provides a foundation for the knowledge and skills students should know and use to successfully navigate life’s financial stages and enhance their financial well-being. The revised model curriculum also equips students with an understanding of free market capitalism, entrepreneurship, and market interactions.

Ohio’s Model Curriculum for Financial Literacy incorporate the following topics across the grade bands: Financial Responsibility and Decision-Making, Planning and Money Management, Informed Consumer, Investing, Credit and Debt, and Risk Management and Insurance. Within these topics, students will:

- Develop the ability to make informed and reasoned financial decisions;
- Become prepared for their roles as consumers, entrepreneurs, and investors; and

- Act rationally as consumers, entrepreneurs, and investors by best utilizing their limited resources.

The Structure of Ohio's Model Curriculum for Financial Literacy in High School

The format of Ohio's Learning Model Curriculum for Financial Literacy in High School has been adapted to provide ease for viewing the standards in print or web format. The information below provides insight into the document structure and clarity.

TOPIC HEADING

The bold, blue text lists the topics for Ohio's Model Curriculum for Financial Literacy in High School. The model curriculum is separated into seven topics. Six were previously included in the 2019 model curriculum: Financial Responsibility and Decision-Making, Planning and Money Management, Informed Consumer, Credit and Debt, Risk Management and Insurance, and **Free Market Capitalism**[1].

CONTENT STATEMENTS

The content statements for a specific topic originate in Ohio's Learning Standards for Financial Literacy in High School and are numbered chronologically to support alignment, coherence, and focus. The content statements contain the essential academic knowledge and skills students will learn. Educators will use the content statements to plan the scope and sequence of the locally prescribed curriculum.

CONTENT ELABORATIONS

The content elaborations extend beyond the content statement to provide further explanation of the content and skills included in the content statements. The content elaborations will also include the grade-level depth of knowledge and prior knowledge students may need to successfully meet the expectations for learning. Educators will use the content elaborations to guide instructional practices and content delivery.

EXPECTATIONS FOR LEARNING

The expectations for learning identifies the targeted proficiency students must meet to demonstrate they have met the content and skill development exhibited in the content statements. Expectations for learning also provide a structure for educators to plan instruction, monitor student learning, and develop standards-aligned summative assessments.

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[1] *Free Market Capitalism is a new topic added to the standards due to legislation passed in June 2024 by the Ohio General Assembly. Content was created during the standards revision process.*

Financial Literacy Standards Topic Descriptions

The topic descriptions preview the concepts and skills students will learn as they progress through the content statements. These topics originate from Ohio's Learning Standards for Financial Literacy.

Topic Name	Topic Description
Financial Responsibility and Decision-Making	In the United States' economy, personal financial decisions rest with the individual. Making responsible decisions related to goals for lifestyle and financial well-being fosters financial success and security.
Planning and Money Management	A disciplined personal financial plan is a critical component of an individual's financial well-being. Individuals must prepare for expected costs and responsibilities, such as paying taxes, or purchasing a good or service as part of their financial planning.
Informed Consumer	Informed purchasing decisions are essential for responsible financial management in the free market system. Limited protections for patents, contracts, and against some consumer fraud, exist in government regulatory agencies and laws. Financial institutions and professionals provide services, expertise, and guidance for developing and implementing an individual's financial plan. Ultimately, individuals must be informed and vigilant when making purchasing decisions while participating in the free market system.
Investing	The goal of financial management is to increase individual net worth. Investing, through a variety of options, is one way to build wealth and increase financial security. Many factors affect investment and retirement plans. Among the many examples are government regulations and global economic and environmental conditions.
Credit and Debt	Responsible use of credit is one tool to help achieve financial and lifestyle goals. To advance successfully through financial life stages, an individual must create, establish and maintain credit worthiness. Disciplined individuals borrow credit within their means at favorable terms and repay debt responsibly.
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. Use of a risk management plan mitigates the potential loss of income and personal net worth and safeguards personal information and identity. Risk management products and strategies change over an individual's life span.
Free Market Capitalism	Free markets in a capitalist economy function based on private ownership of the factors of production. Free market interactions are a central component in a capitalist economy, where producers and consumers voluntarily exchange goods and services to meet individual needs and goals. In a free market system, consumer choice creates competition and innovation as producers seek to maximize profit.

Ohio’s Model Curriculum for Financial Literacy in High School

Topic: Financial Responsibility and Decision-Making

CONTENT STATEMENT

1. Financial responsibility entails being accountable for managing money to satisfy an individual’s current and future economic choices. Individuals use life-long decision-making strategies like the consideration of alternatives and consequences to maintain or improve their financial well-being.

CONTENT ELABORATION

Over their lifetime, individuals make many decisions about their education, employment, and lifestyle that affect their financial well-being. Because individuals have limited time and money, they must make choices on how to budget, save, invest, and spend to meet their needs and achieve their goals. Individuals should develop and evaluate financial goals regularly as their financial well-being changes over time.

When making financial decisions, individuals should evaluate choices based on available options and determine if the choices result in positive or negative outcomes. When faced with choices about which goods and services to purchase, individuals must consider their personal budgets and needs. All economic choices require individuals to apply a cost-benefit analysis to their decisions, which results in trade-offs.

EXPECTATIONS FOR LEARNING

Explore how education, enlistment, and/or employment decisions affect money management and financial well-being.

Evaluate current or future economic choices based on available options and goals.

Topic: Financial Responsibility and Decision-Making

CONTENT STATEMENT

2. Individuals control their own ability to work, earn wages, and obtain skills to earn and increase wages. Personal attributes such as competencies and work ethic, and external factors such as market competition and business cycle changes, impact an individual's earning potential and employability.

CONTENT ELABORATION

Competencies can be defined as the knowledge, abilities and skills necessary for an individual to be successful in a specific job. Wages may increase after an individual completes new learning or training programs. Individuals who are lifelong learners, collaborative, creative, and skilled communicators are often more desirable to employers. Continuously displaying positive behaviors and work ethic may result in a job promotion or career advancement.

Changes in market conditions and business cycles can alter business' ability to hire. Individuals need to be adaptable and make decisions to increase their employability. Individuals can update or broaden their skill sets to match in-demand employment competencies and utilize professional networks or contacts to increase employment opportunities. Earnings potential differs based on career or employment opportunities.

EXPECTATIONS FOR LEARNING

Explore individual interests and skills to identify potential careers and employment opportunities to pursue.

Explain how one can become more employable through training and education.

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Topic: Financial Responsibility and Decision-Making

CONTENT STATEMENT

3. As part of their financial well-being, individuals must consider the costs and benefits of opportunities in education, employment, and military enlistment.

CONTENT ELABORATION

Individuals make choices regarding their education, employment, or military enlistment opportunities after high school, considering various factors like personal interests, earnings potential, and employment growth opportunities. There are various methods to pay for education or training options after high school, including grants, loans, scholarships, work reimbursement, military benefits, and personal savings.

Individuals may complete the Free Application for Federal Student Aid (FAFSA) to determine financial aid eligibility from educational institutions. Grants and scholarships typically are not repaid, but individuals must complete an application or meet certain criteria to be eligible. Individuals may apply for loans through the federal government or financial institutions, which can include different interest rates and repayment options. Individuals must understand the lending terms and conditions prior to signing agreements.

Individuals may consider enlisting in the military to learn employment skills and serve their country. The military may provide financial support for service, including wages, education benefits, or future employment opportunities. Individuals must understand the terms and conditions of the enlistment contract prior to beginning their service.

Some individuals may choose to start their careers during or after high school and continue to explore employment opportunities through internships, apprenticeships, or other job placements. Individuals may receive wages, employment benefits, or industry credentials during their employment experiences. Specific career fields or industries may be more likely to offer these opportunities to meet workforce demands.

EXPECTATIONS FOR LEARNING

Explore the costs and benefits of an education, employment, or military enlistment opportunity.

Topic: Financial Responsibility and Decision-Making

CONTENT STATEMENT

4. Income sources include employment earnings and benefits, entrepreneurship, saving and investment earnings, government payments, grants, inheritances, etc. Individuals can experience dramatic income changes from month to month.

CONTENT ELABORATION

Individuals must budget and manage their money based on expected sources of income. Sources of income depend on an individual's financial choices and opportunities.

Monthly income can vary based on multiple factors, such as an individual's productivity or hours worked, agreed upon wages, and business profits. Monthly income can also vary based on industry seasonality, regional or national economic changes, and global market dynamics. Individuals may earn income from savings and financial investments (like grant and inheritances) including dividends, asset appreciation, and compounded interest. Some people receive government assistance payments because they qualify for one or more types of support based on eligibility criteria.

Entrepreneurs take risks to increase their earnings potential through economic growth. When entrepreneurs are successful, they can experience higher incomes. Entrepreneurs may experience dramatic income changes based on market competition, consumer demand, or available time and resources.

Various jobs and careers can experience dramatic changes in income. In some industries, an individual may not receive a regular paycheck and may only earn income after a contract, project, or order is completed. Individuals in these situations must account for these income fluctuations as they budget and manage their money.

EXPECTATIONS FOR LEARNING

Explain the different sources of income.

Analyze how an individual may adjust their budget or money management based on income fluctuations.

Topic: Financial Responsibility and Decision-Making

CONTENT STATEMENT

5. Taxes, retirement, insurance, employment benefits, and voluntary and involuntary deductions impact net pay.

CONTENT ELABORATION

Gross pay is the amount of pay an individual earns from working, based on salary or hourly wages. Net pay, also referred to as take-home pay, is the amount of income an employee receives after deductions and withholdings have been taken out.

Deductions from gross pay may be considered voluntary or involuntary. Examples of involuntary deductions may include federal, state and local taxes, child support payments, wage garnishments from creditors, government agencies, or debt collectors. Examples of voluntary deductions include insurance benefits, retirement account contributions, investment account contributions, union dues, and charitable contributions.

Some deductions are taken before taxes, such as Healthcare Savings Accounts (HSA) or Flexible Spending Accounts (FSA), which can result in reduced tax lability. Some deductions are taken after taxes, including some retirement account contributions, union dues, and charitable contributions. Individuals should review which deductions are pre-tax or post-tax to understand possible tax implications.

EXPECTATIONS FOR LEARNING

Calculate the difference between net pay and gross pay of a fictional employee.

Compare several sample paystubs and the different deductions.

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Topic: Planning and Money Management

CONTENT STATEMENT

6. Financial responsibility includes the development of and adherence to a personal budget.

CONTENT ELABORATION

To achieve financial goals, a budget must be created, evaluated and updated on a regular basis. Income and expenses must be accurately reflected in the budget to be a useful tool. S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, Time-bound) goals help individuals determine and remember what their financial goals should reflect. Individuals should revise their budgets in response to changes in income. A budget should include short-term savings or emergency funds that could pay for an unexpected event, such as a necessary car repair or job loss. Long-term savings can be used toward larger goals, such as a down payment on a house or retirement.

Individuals can use checking, savings, or money market accounts at financial institutions to keep their funds and manage their budgeted income and expenses. Some individuals may choose not to bank at a financial institution for various reasons. According to the Federal Deposit Insurance Corporation, the largest population age segment of “unbanked” individuals is ages 15-24.

Individuals must know how much money they have available in their bank accounts prior to withdrawing money or making purchases with cards linked to those accounts. Individuals can use available tools and resources from financial institutions to be responsible with their money. Individuals can create budgets, track spending habits, and view available account balances.

EXPECTATIONS FOR LEARNING

Devise a budget for current short- and long-term goals, income and expenses.

Analyze a budget to suggest different possible outcomes based on different life events.

Describe strategies that individuals may use to follow their budget.

Topic: Planning and Money Management

CONTENT STATEMENT

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

CONTENT ELABORATION

When making a purchase, consumers should know there are costs beyond the purchase price. These costs may include sales tax, delivery charges, shipping, handling and membership fees. When considering the total price, consumers must consider all the indirect costs.

EXPECTATIONS FOR LEARNING

Identify the difference between direct and indirect costs.

Compare and contrast the overall costs of goods and services from various distributors (wholesale, retail, online).

Topic: Planning and Money Management

CONTENT STATEMENT

8. Planning for and paying local, state, and federal taxes is a financial responsibility. Individuals may lower their tax burden by using tax credits and deductions.

CONTENT ELABORATION

Federal, state and local entities levy taxes in many forms. Individuals pay taxes and accurately report the amounts paid. The cost of various taxes must be figured into an individual's budget and economic choices.

An individual's income sources and spending behavior affects the types and amounts of taxes paid. All employed individuals must annually report income amounts and sources to the Internal Revenue Service (IRS), as well as to the states and municipalities in which they reside and work. Income is taxed progressively, where rates increase as the amount of money reaches identified IRS income brackets. Tax credits and deductions can be used to reduce tax liability and help individuals reach financial goals. Tax laws may change from year to year and may be different between state and local municipalities.

When individuals start new jobs, they fill out a W-4 form from the IRS and other state and local tax documents employers use to determine withholdings from net pay. Independently contracted workers do not have taxes withheld from paychecks but still are required to pay federal, state and local taxes. Tax withholdings can be adjusted so that employees may receive a refund or owe additional taxes to the IRS and state and local municipalities when income tax returns are filed.

EXPECTATIONS FOR LEARNING

Complete federal, state, and local tax forms either as an employee or an independent contractor.

Compare local tax rates between municipalities.

Identify possible tax credits or deductions for individuals given various factors or situations.

Topic: Informed Consumer

CONTENT STATEMENT

9. Political features of the free market include legally protected property rights, legally enforceable contracts, patent protections, and the mitigation of market side effects and failures.

CONTENT ELABORATION

Often, in a free market system, agreements may be established between producers and consumers as part of the voluntary exchange. Governments can protect the agreements or contracts through enacted laws and mandate them to be carried out. Individuals can be held liable and accountable if they do not meet the contract's terms and conditions. In a capitalist system, governments enforce laws and contracts to protect property ownership.

Innovations can be deemed proprietary when a patent or trademark applications are filed. Governments can protect patents and trademarks through enacted laws and allow the patent and trademark holders to profit off the ownership and licensing. An individual or business may be held responsible for violating a patent or trademark.

The free-market system operates based on competition, innovation, and voluntary exchange. Sometimes, the market interactions can lead to market failures, where there is not enough supply or demand for a good or service. Market interactions can lead to anticipated or unanticipated side effects, leading producers or consumers to bear the additional cost of the market interaction. Governments may enact laws or take specific actions to minimize market failures or alleviate market side effects based on economic, social, or political factors.

EXPECTATIONS FOR LEARNING

Explain how governments protect property and contracts in a free market system.

Identify the reason(s) why a government responds to a market side effect or market failure given various situations.

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Topic: Informed Consumer

CONTENT STATEMENT

10. An informed consumer understands financial documents, lending terms and conditions, and contractual obligations.

CONTENT ELABORATION

Individuals receive many types of documents relating to their financial accounts. These documents include account statements, privacy notices, annual disclosures, or financial institution communications. Financial documents often provide important updates on institution changes, account activity, and account charges. Individuals should review account statements for billing accuracy and institution disclosures for updated information.

Before individuals apply for credit or a loan, it is important to know and understand the lending terms and conditions, including the repayment terms, interest rates, interest calculation method, and associated fees or charges. This information can be found by reading the provided institutional disclosures. However, the lending terms and conditions are not finalized until an individual completes the credit or loan application. Individuals should understand the documents that describe the lending terms and conditions to which they agree before signing the contract.

Individuals sign a contract when they open a line of credit or a loan account. They are obligated to meet the lending terms and conditions and can face penalties or consequences if individuals fail to meet the terms and conditions. Federal legislation such as The Truth in Lending Act (TILA) and the Credit CARD Act are designed to promote the informed use of credit by requiring disclosures about the terms and costs of borrowing. The laws ensure that the important information individuals need to make decisions about lines of credit are easily available and understandable.

EXPECTATIONS FOR LEARNING

Explore various types of financial documents to identify important account information and activity.

Compare the terms and conditions of financial products from two or more financial institutions.

Topic: Informed Consumer

CONTENT STATEMENT

11. Financial institutions offer a variety of products and services to address financial responsibility. Financial experts provide guidance and advice on a wide variety of financial situations.

CONTENT ELABORATION

There are many different types of financial institutions, including banks, online only banks, credit unions, and brokerage houses. Typical products and services offered by financial institutions, including savings accounts, checking accounts, and financial planning services, help individuals manage their finances. Most financial institutions have financial planners who can help people make financial plans to reach their goals.

Individuals can use available tools and resources from financial institutions to be responsible with their money. Individuals can create budgets, track spending habits, and view available account balances. Individuals should use strong account passwords and implement security protections to limit unauthorized account access.

Financial experts, such as Certified Public Accountants (CPAs), Certified Financial Planners (CFPs), and investment advisers, are available to help individuals make financial decisions, including long-term planning and retirement. Financial experts can be associated with banks, brokerage houses, credit unions, or can be independent brokers who help individuals create plans to reach financial goals. Individuals can review a financial expert’s qualifications and fee structures before using their products and services. Individuals can also review investment adviser qualifications through the Securities and Exchange Commission (SEC) or the Financial Industry Regulatory Authority (FINRA).

EXPECTATIONS FOR LEARNING

Compare the benefits and costs of various financial products and services from different institutions.

Explain the responsibilities of a financial planner.

Topic: Informed Consumer

CONTENT STATEMENT

12. Consumer advocates, organizations, and consumer protection laws provide important information and help protect against potential consumer fraud and loss.

CONTENT ELABORATION

Consumer fraud is a deceptive practice that results in financial or property losses from perceived legitimate business transactions. Individuals can take proactive steps to protect their personal information and prevent consumer fraud. Individuals should monitor their financial accounts and credit reports for fraudulent purchases and activity. Often, frauds and scams use a sense of urgency or heightened emotions to manipulate individuals into responding to requests or demands.

Consumer advocates and organizations help educate individuals on the latest fraud practices and scams. Consumer advocates and organizations also support consumers who may be a victim of consumer fraud or deceptive business practices. Deceptive practices and fraudulent activity may target specific age groups or geographic areas. As technology and communication methods improve, new methods of fraud or deceptive practices may develop. It is important for individuals to remain informed.

Federal government agencies such as the Federal Trade Commission (FTC) and the Consumer Financial Protection Bureau (CFPB) and state agencies such as the Ohio State Treasurer and Ohio Attorney General educate and protect individuals from scams and fraudulent practices. These agencies may be able to help victims recover some or all their losses from fraud as well as prosecute offenders. Nongovernment organizations also educate individuals about online safety and protecting personal information.

Laws such as the Truth in Lending Act, Fair Debt Collection Practices Act, and Fair Credit Reporting Act help protect individuals from fraud and potential financial loss. New laws may be enacted as the types of consumer fraud practices evolve. Law enforcement agencies can investigate reports of fraudulent activity and connect individuals to additional resources who may help.

EXPECTATIONS FOR LEARNING

Identify ways individuals can identify, protect themselves, and recover from fraudulent activity or practices.

Describe how organizations and government agencies educate individuals on fraud prevention and help those who may have been a fraud victim.

Topic: Investing

CONTENT STATEMENT

13. Private ownership of capital may include a sole proprietorship, a family business, a publicly traded corporation, a bank, or as part of a private investor group.

CONTENT ELABORATION

Capital involves the machinery, technology, patents, and trademarks used for a business to function and operate. Individuals may own capital wholly or in part based on the type of business involved.

A sole proprietorship is a type of business owned by a single individual. As one person owns the business, they also own all the associated resources, machinery, and proprietary information.

Individuals may purchase shares or stock in a publicly traded corporation, bank, or as part of a private investor group. In this situation, individuals only own a portion of the business and may profit from the ownership through dividends.

EXPECTATIONS FOR LEARNING

Compare the different ways capital can be privately owned.

Topic: Investing

CONTENT STATEMENT

14. Wealth creation involves financial investments, asset value appreciation and depreciation, voluntary exchange of equity ownership, and participation in open and closed markets.

CONTENT ELABORATION

Creating wealth can improve an individual's financial well-being by increasing the amount of income and value of assets. Individuals can increase and protect net worth through financial investments and market participation.

A market exists whenever buyers and sellers voluntarily exchange goods and services. Open and closed markets impact the level of competition through barriers to entry, the number of market competitors, and available product qualities.

Individuals can select various financial investments, including stocks, bonds, mutual funds, cryptocurrency, and real estate, to increase wealth. Individuals can also increase their wealth by acquiring equity ownership of businesses that are profitable or anticipated to increase in value. Investments appreciate or depreciate over time. As individuals evaluate potential investment assets and strategies, they must consider associated risks, market conditions, liquidity, fees, and the rate of return.

EXPECTATIONS FOR LEARNING

Analyze an asset's appreciation or depreciation over time.

Devise a plan to create wealth using financial investments and equity ownership.

Topic: Investing

CONTENT STATEMENT

15. Investment strategies take several factors into consideration including diversification, risk tolerance, fees, and tax implications.

CONTENT ELABORATION

One of the tools investors use to increase the value of their net worth is time. By investing for the long term, individuals have the benefit of compounding interest and allowing investments to increase in value over the time horizon. The time value of money is the idea that a dollar today is worth more than a dollar in the future. This is because the dollar invested today can earn interest up until the time the future dollar is received.

Individuals can diversify their investments by selecting various assets and how much funding to allocate to each asset. As individuals review potential investments, they must consider the costs of the products, fees, and tax implications (capital gains). Investors must determine their willingness to take risks when selecting assets and market conditions. Risk tolerance depends on factors such as chosen strategies, income, family situation, and current financial well-being.

EXPECTATIONS FOR LEARNING

Compare the costs, fees, and tax implications of various investment products.

Evaluate investment strategies based on various factors or situations.

Topic: Investing

CONTENT STATEMENT

16. Government agencies are charged with regulating financial services providers to help protect individuals against harm.

CONTENT ELABORATION

Historically, regulatory agencies have been created to help protect individuals from unethical or harmful practices, including price gouging, bait and switch, and monopolies. Regulatory agencies also may provide protection for individuals' savings and deposits. Government agencies assist financial services providers in conducting business fairly and soundly, investigate financial services providers for violations of the law, and insure individuals' savings and deposits.

The Securities and Exchange Commission (SEC), Federal Deposit Insurance Corporation (FDIC), National Credit Union Association (NCUA), and other government agencies regulate financial services providers. Financial services providers may also be regulated by state government agencies.

EXPECTATIONS FOR LEARNING

Explain the specific roles of government agencies such as the SEC, FDIC, and NCUA.

Describe the protections and services government agencies offer in regulating financial services providers.

Topic: Credit and Debt

CONTENT STATEMENT

17. Credit is a contractual agreement in which a borrower receives something of value now and agrees to repay to a lender at some later date. Debt is an obligation owed by one party to a second party.

CONTENT ELABORATION

Loans are forms of credit available at financial institutions or payday lenders. Borrowers must repay loans according to the contractual terms, including the cost of borrowing (interest). Interest rates will vary based on an individual's credit history and the terms offered at the financial institutions or payday lenders. Financial institutions may allow loans to be paid back early with no penalties. Paying off payday loans early may add more fees to the loans.

Financial institutions require a monthly minimum payment to satisfy debt obligations. The cost of borrowing may differ depending on the type of interest rate included in the terms and conditions, such as fixed or variable interest rates. The cost of borrowing may also differ based on the method used to calculate interest charges, such as the average daily balance method or previous balance method. An individual may lower the overall amount of interest by paying more than the monthly minimum payment.

Debt is considered a promise of payment, whether it is in the form of a personal loan, auto loan, mortgage, or credit card bill. Individuals have a legal obligation to pay debt and must be careful not to accumulate more debt than income. Too much debt means that an individual regularly struggles to satisfy debt obligations in addition to paying for necessary expenses.

Individuals can take steps to establish manageable repayment plans if they are struggling to satisfy debt obligations. Individuals may contact creditor billing agencies directly to negotiate the repayment terms and avoid financial harm. Private and government organizations also provide credit counseling and help consumers create plans to pay off the debt, sometimes at a cost.

If an individual is unable to satisfy debt obligations, they may end up declaring bankruptcy. The federal government has established bankruptcy codes and courts to assist individuals in financial trouble to settle their debts and eventually return to good financial standing. Some debts and loans are not eliminated or settled when an individual declares bankruptcy and may still need to be repaid.

EXPECTATIONS FOR LEARNING

Explore loan costs and repayment terms from various financial institutions or payday lenders.

Evaluate the cost of borrowing using various interest rates and interest charge calculation methods.

Analyze a repayment plan to satisfy debt obligations based on various factors or situations.

Explain the implications of declaring bankruptcy.

Topic: Credit and Debt

CONTENT STATEMENT

18. Effectively balancing credit and debt helps an individual achieve financial goals, maintain a personal budget, and create wealth.

CONTENT ELABORATION

An individual can establish and maintain a high credit score by managing credit utilization and repaying debt based on the contract's terms and conditions. An individual's credit score is determined by various factors, including credit utilization, repayment history, account length, and the number of accounts and credit inquiries. A hard credit inquiry can impact credit scores and occurs when an individual formally applies for credit. A soft credit inquiry does not impact credit scores and uses general information available to offer new credit opportunities.

Financial institutions use credit scores to determine loan terms and interest rates. Financial institutions also consider additional factors or information such as an individual's income to debt ratio, employment status, and cosigner information to determine credit worthiness. Individuals who have higher credit scores may receive more favorable loan terms. Responsible use of credit can support an individual's financial goals by lowering the cost of borrowing (interest rate) and establishing favorable repayment terms.

Individuals must account for credit and debt expenses in their personal budget, which can impact financial choices and high-value purchases. Individuals may also create wealth by limiting the amount of money allocated to satisfy debt obligations and set aside for savings and investments instead. Entrepreneurs may create personal wealth by leveraging credit and debt when taking risks to generate new goods and services and successfully competing in the market.

EXPECTATIONS FOR LEARNING

Identify the factors that determine an individual's credit score.

Explain how an individual may obtain a high credit score.

Explore how the type of interest rates and interest calculation methods impact the cost of borrowing.

Topic: Risk Management and Insurance

CONTENT STATEMENT

19. A risk management plan can protect individuals from the potential loss of assets or income. Diversification of assets is one way to manage risk.

CONTENT ELABORATION

An individual can maintain or improve their financial well-being by protecting their assets through a risk management plan. A risk management plan includes examining an individual's current financial well-being and established financial goals. Individuals can use different strategies to minimize losses, such as purchasing additional protections and diversifying savings and investments.

When individuals make high-value purchases like cars, appliances, or electronics, manufacturers or extended warranties are available to protect against product defects or damage. Extended warranties and service plans are offered by businesses for an additional cost. Before making the high-value purchase, it is important for individuals to understand the terms and conditions of the warranty.

Diversification is another way individuals can manage risk by investing in different types of financial assets, such as stocks, bonds, mutual funds, or real estate, and saving their income through certificates of deposits (CDs) and individual retirement accounts (IRAs). Individuals must make decisions about choosing investments based on goals, employment, personal interests, and risk tolerance.

EXPECTATIONS FOR LEARNING

Describe the difference between a warranty and an extended warranty on a given product.

Explore individual choices in diversification based on various factors or situations.

Evaluate the level of risk associated with different types of savings or investments.

Topic: Risk Management and Insurance

CONTENT STATEMENT

20. Individuals have a responsibility to protect their identity and personal information. Individuals can use various strategies and safeguards to limit unauthorized access to financial information.

CONTENT ELABORATION

Individuals must be vigilant with personal identifying information (PII), such as account passwords, Social Security numbers, or financial account information, by securely storing the information and sharing it only with trusted sources. Information and identity theft is a serious and growing issue individuals may face when information is accessed without approval. Criminals often use tactics such as phishing phone calls, texts, and emails to obtain this information.

Individuals can take steps to protect their PII and identity by using strong, unique passwords, employing multi-factor authorization (MFA) processes, or purchasing protections if information or identity are compromised or stolen. Individuals can review their credit report annually for free for accurate information.

If identity theft is suspected, an individual must act quickly to lessen the impact of the theft. Individuals should close all accounts that may have been accessed fraudulently and notify all financial institutions of the suspected theft so they can take appropriate action. The individual also should file a police report and a fraud alert with the credit bureaus (Equifax, Experian, TransUnion). An individual may even initiate a free credit freeze with the bureaus, if applicable. The Federal Trade Commission has a form titled the Theft Victim's Complaint and Affidavit, which may help individuals deal with creditors or lenders.

EXPECTATIONS FOR LEARNING

Describe the conditions under which individuals should and should not disclose personal identifying information.

Analyze the employed strategies and safeguards in use to protect an individual's personal identifying information.

Explain the actions an individual should take to minimize the impact of identity theft on their financial well-being.

Topic: Risk Management and Insurance

CONTENT STATEMENT

21. A comprehensive insurance strategy serves as a safeguard against potential loss.

CONTENT ELABORATION

Individuals choose different amounts of insurance coverage based on risk analysis involving employment, lifestyle, age, financial well-being, and coverage price factors. Individuals purchase various types of insurance coverage for their needs, including health, life, disability, auto, home, and renters. Individuals may be required by governments or certain types of contracts (such as home mortgages) to purchase insurance coverage. Certain types of insurance may be provided by employers as part of benefits packages.

Health insurance coverage funds preventative care and illness or injury treatment costs. An individual may have deductible or coinsurance costs as part of the health insurance coverage, which may differ if the care or treatment occurred at an in-network or out-of-network provider. Disability insurance coverage replaces or supplements income lost while an individual is ill or injured and unable to work.

Property and casualty insurance, such as auto, home, and renters insurance, provides coverage for damage, loss, or liability costs related to the insured's property. Individuals may purchase term, whole, or comprehensive life insurance, to which most benefits are paid to the insured person's beneficiaries in the event of the policyholder's death. Purchased insurance coverage can protect against unexpected losses and liabilities.

EXPECTATIONS FOR LEARNING

Explore the coverage and cost for various insurance products such as health, life, disability, auto, homeowners, and renters' insurance.

Evaluate the differences in pricing and coverage for insurance products based on a risk analysis and individual needs.

Topic: Free Market Capitalism

CONTENT STATEMENT

22. Raw materials, labor, and capital, the three classical factors of production, are privately owned.

CONTENT ELABORATION

In a free market system, entrepreneurs organize the three classical factors of production to create goods and services that are valued by consumers.

Raw materials include natural resources such as land, water, and air, which are used to make goods and services.

Labor includes the physical and mental human effort exerted to create a good or service.

Capital refers to the technology and machinery involved in the production process for goods and services. Human capital may also be included to account for the knowledge, competencies, and expertise involved in the production process.

EXPECTATIONS FOR LEARNING

Identify examples of the three classical factors of production.

Topic: Free Market Capitalism

CONTENT STATEMENT

23. The free market is driven by, and tends to produce, entrepreneurship and innovation. Societies that embrace the free market often embrace political and personal freedom as well.

CONTENT ELABORATION

In the free market system, producers and consumers exchange goods and services through the forces of supply and demand. Successful producers meet consumer needs and maximize profit. Market competition motivates producers to refine their goods and services as consumer demographics and preferences change. Producers may improve their current goods and services or develop new products to maintain or increase market share and revenue. Entrepreneurs take risks to organize productive resources and use their skills and competencies to generate new goods and services that compete within the market. Supply and demand encourage entrepreneurship and innovation in the free market as producers must create goods and services that consumers are willing to purchase.

Governments that embrace the freedom for entrepreneurs to innovate typically allow individuals to participate in society in other ways that emphasize personal freedoms. The free-market system emphasizes individual decision-making as producers and consumers can choose how they participate in the market.

EXPECTATIONS FOR LEARNING

Understand the entrepreneurship and innovations produced by the free market.

Identify the personal and political freedoms displayed in a free market system.

Topic: Free Market Capitalism

CONTENT STATEMENT

24. Markets aggregate the exchange of goods and services throughout the world. Market prices are the only way to convey so much constantly changing information about the supply of goods and services, and the demand for them, for consumers and producers to make informed economic decisions.

CONTENT ELABORATION

In the free market system, producers and consumers exchange goods and services through the forces of supply and demand. Markets can exist within a community, regionally, or globally. Price is one way that consumers see the interaction between supply and demand for goods and services in a market. Producers and consumers choose how they participate in a market based on the price for a good or service.

Markets consistently adjust and change based on different determinants, such as the number of producers or consumers in a market, expected changes in the supply or demand of a good or service, or the number of available substitutes or complementary goods and services in the market. Prices for goods and services will fluctuate based on these determinants and impact producer and consumer behaviors. Factors influencing the prices of goods and services can also be outside of the producers' or consumers' control, such as climate impacts, population changes, or government actions.

EXPECTATIONS FOR LEARNING

Describe how producer and consumer interactions create market prices.

Evaluate changes in producer and consumer economic decisions due to various market conditions.

Topic: Free Market Capitalism

CONTENT STATEMENT

25. Consumers and producers seek to profit in some way in a free market transaction. Wealth is created by providing goods and services that consumers value at a profit. Profit earned through transactions can be consumed, saved, reinvested, or dispersed as dividends to shareholders.

CONTENT ELABORATION

In the free market system, producers and consumers voluntarily exchange goods and services for self-interest. Consumers gain enjoyment and meet their needs by purchasing goods and services, and producers generate revenue and maximize profit by selling goods and services that are valued or needed by consumers. Producers who generate higher revenues than costs earn profit from their market interactions. Some market interactions may result in a loss when producers sell goods or services at a lower price than the cost of production.

Producers generate wealth by continuously selling goods and services at a profit. Producer wealth can be used in various ways. Wealth can be spent by the producer to continue or improve operations or saved for later use when the producer experiences worse market conditions. Wealth may also be reinvested in the producer's business structure by expanding production through acquiring additional raw materials, capital, or labor. If the producer has investors or shareholders included in the business structure, wealth may be dispersed back to those individuals as dividends from the profits earned.

EXPECTATIONS FOR LEARNING

Explain how consumers and producers profit in free market transactions.

Evaluate the different ways a producer uses profits earned from market transactions given various factors or situations.

Topic: Free Market Capitalism

CONTENT STATEMENT

26. Free market interactions can lead to market failures or side effects where at least part of the cost of the transaction, including producing, transporting, selling, or buying, is borne by others outside of the interactions.

CONTENT ELABORATION

Producers and consumers seek to benefit in some way from free market transactions. Markets seek to maintain an equilibrium, where the number of goods and services produced is equal to the number of goods and services purchased. When a market does not have equilibrium, the price of a good or service does not reflect market conditions and may lead to a market failure. In a market failure, producers are unable to sell the number of goods and services they would offer at a given price. In a market failure, consumers are unable to purchase the good or service at a given price.

Free market interactions can also lead to side effects, where producer or consumer actions in the production or purchase of a good or service are not entirely captured in the market price. These side effects, called externalities, can be positive or negative. Positive market externalities may encourage producers or consumers to continue participating in the market. Negative market externalities may discourage producers or consumers from continuing participation in the market. In a free market system, limited government intervention may include resolving market failures or addressing market externalities.

EXPECTATIONS FOR LEARNING

Determine the cause(s) for a market failure of a good or service.

Analyze the impact of positive or negative externality in a market.

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