

# ***Personal Finance***

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for the Daniels Fund Ethics Initiative High School Program

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**Course Narrative:**  
***Personal Finance***

Section 1

## Introduction to *Personal Finance (1 semester/0.5 credit)*

In 2014, Standard & Poor's Ratings Services conducted a survey of more than 150,000 adults from 140+ countries to assess the level of people's economic and financial knowledge around the world (<https://www.spglobal.com/corporate-responsibility/global-financial-literacy-survey>). The findings of the short survey, which tested participants' knowledge of essential financial literacy concepts (i.e., numeracy, compounding interest, inflation, and risk diversification), were astonishing:

- Globally, two out of every three adults have low financial literacy.
- In the U.S., 57% of all adults are financially literate.
- 62% of U.S. men are financially literate, compared to just 52% of U.S. women.
- Only 43% of U.S. adults who own a credit card understand the concept of interest.
- Approximately 45% of U.S. adults are actively saving for retirement.

The Council for Economic Education has also actively researched the level of financial literacy, specifically within our country (<http://surveyofthestates.com/>). According to its most recent data, a significant percentage of U.S. students (like their adult counterparts) are not financial literate, only a handful of states require a stand-alone personal finance course for high school graduation, and fewer than 20% of teachers surveyed feel competent to teach personal finance topics.

To counteract the rising tide of financially illiteracy, effective personal finance curricula is a must. Research has proven that students who receive financial education are more likely to save, more likely to pay credit card debt in full each month, less likely to be compulsive buyers, and more likely to take reasonable financial risks. In short, teaching and learning about personal finance yields positive results. With time and knowledge on their side, young people can become responsible, financially literate adults capable of making ethical, informed decisions about their money.

## Goals

The broad goals of the *Personal Finance (1 semester/0.5 credit)* course are to accomplish the following:

- Enhance students' financial literacy skills
- Stimulate student interest in financial management
- Enable students to develop informed money-management strategies
- Encourage students to recognize the consequences associated with financial decision-making
- Increase student awareness of the role of ethics in financial decision-making

## Credit

0.5 unit

## Prerequisites

There are no prerequisites for enrollment in *Personal Finance (1 semester/0.5 credit)*.

## Student Characteristics

*Personal Finance* is targeted at students who are 14-18 years old, including those who are members of special populations (e.g., individuals with disabilities; individuals from economically disadvantaged families; individuals preparing for nontraditional fields; single parents, including single pregnant women; out-of-workforce individuals; English learners; homeless individuals; youth who are in, or have aged out of, foster care; youth with a parent who is an active member of the military). Students in the course represent a cross section of the student body in terms of gender, race, and ethnicity.

## Daniels Fund Ethics Initiative High School Program

The Daniels Fund Ethics Initiative High School Program is a joint initiative of the Daniels Fund and MBA Research to encourage principles-based ethics education in high schools around the country. The High School Program targets a broad range of audiences, including secondary students enrolled in career technical education (CTE) programs as well as academic classes. Thanks to funding from the Daniels Fund, most of the materials resulting from this initiative, including the *Personal Finance* course guide, are provided free-of-charge to educators across the country. For more information on the Daniels Fund Ethics Initiative High School Program and to find out about other free materials available through the generous support of the Daniels Fund, go to [MBAResearch.org/ethics](https://MBAResearch.org/ethics).

# **Course Description & Learning Outcomes**

## Section 2

## Course Description

The goal of the *Personal Finance* course is to help students become financially responsible, conscientious members of society. To that end, this course develops student understanding and skills in such areas as money management, budgeting, financial goal attainment, the wise use of credit, insurance, investments, and consumer rights and responsibilities. Throughout the course, students also examine contemporary, real-world ethical dilemmas that individuals commonly encounter when managing their personal finances.

## Instructional Area: Financial Analysis (FI)

**Performance Element:** Understand the fundamental principles of money needed to make financial exchanges.

**Performance Indicator: FI:058 Explain forms of financial exchange (cash, credit, debit, electronic funds transfer, etc.) (PQ)**

**Objectives:**

- a. Define the following terms: cash, credit, debit, electronic funds transfer, negotiable instruments, promissory notes, holder in due course.
- b. Explain the need for forms of financial exchange.
- c. Describe the advantages and disadvantages of different forms of financial exchange.
- d. Discuss how credit and debit cards and checks are used as forms of financial exchange.
- e. Discuss how negotiable instruments are used as forms of financial exchange.

**Performance Indicator: FI:059 Identify types of currency (paper money, coins, banknotes, government bonds, treasury notes, etc.) (PQ)**

**Objectives:**

- a. Define the following terms: currency, private currency, fiat currency, deposit money, representative money, commodity money, local currency, specie, and banknote.
- b. Discuss the importance of currency in an economy.
- c. Explain the advantages and disadvantages of fiat currency.
- d. Differentiate between coins and paper money.

**Performance Indicator: FI:060 Describe functions of money (medium of exchange, unit of measure, store of value) (PQ)**

**Objectives:**

- a. Explain why money is used as a medium of exchange.
- b. Discuss how money is used as a unit of measure.
- c. Describe how money is used as a store of value.
- d. Explain how money is used as an incentive.

## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Understand the fundamental principles of money needed to make financial exchanges.

### **Performance Indicator: FI:061 Describe sources of income and compensation (CS)**

**Objectives:**

- a. Define the following terms: wage, salary, interest, rent, dividends, and transfer payments.
- b. Distinguish between earned and unearned income.
- c. Explain the benefits and drawbacks of different sources of income.
- d. Discuss the use of benefits as a form of compensation.
- e. Describe the relationship between education and income.
- f. Discuss the influence of career choice on income.
- g. Explain the risks inherent in relying on receipt of inheritances.
- h. Discuss tax implications associated with sources of income.

### **Performance Indicator: FI:062 Explain the time value of money (CS)**

**Objectives:**

- a. Define the terms time value of money, inflation, interest rate, present value, and compound interest.
- b. Describe how time impacts the value of money.
- c. Explain information that is needed when considering the time value of money (i.e., date at which the dollar amount is measured and the interest rate applied).
- d. Explain the impact of inflation on the value of money.
- e. Discuss situations in which the present value is needed.

### **Performance Indicator: FI:002 Explain the purposes and importance of credit (CS) LAP-FI-002**

**Objectives:**

- a. Define the term credit.
- b. Describe types of credit commonly extended to credit users (e.g., revolving credit, bank credit cards, consumer loans, etc.).
- c. Identify sources of credit.
- d. Explain costs associated with the use of credit (e.g., APR, late fees, service charges, etc.).
- e. Discuss the advantages and disadvantages of fixed- and adjustable-rate credit.
- f. Describe costs associated with the extension of credit.
- g. Explain reasons that businesses extend credit.
- h. Describe the types of benefits credit users may receive from the use of credit.
- i. Describe legislation affecting the extension of credit.



## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Understand the fundamental principles of money needed to make financial exchanges.

### **Performance Indicator: FI:063 Explain legal responsibilities associated with consumer financial products and services (CS)**

**Objectives:**

- a. Describe how consumers and financial institutions benefit from financial exchanges (i.e., both are legally protected at the time of the financial exchange as a result of the terms of the financial agreement).
- b. Explain legal responsibilities of borrowers and lenders in financial exchanges.
- c. Explain legal responsibilities of investors and brokers in financial exchanges.
- d. Identify regulations of consumer financial products and services (e.g., Truth in Lending Act, Federal Fair Debt Collection Practices Act, Equal Credit Opportunity Act).
- e. Identify agencies that regulate consumer financial products and services (e.g., FDIC, SEC, CFPB, NCUA).
- f. Describe legal responsibilities associated with electronic financial products and services.

**Performance Element:** Analyze financial needs and goals to determine financial requirements.

### **Performance Indicator: FI:270 Explain the need to save and invest (CS)**

**Objectives:**

- a. Define the following terms: saving, investing, financial needs, and financial goals.
- b. Identify types of financial needs (e.g., college, retirement, wills, insurance, etc.).
- c. Discuss ways individuals meet financial needs.
- d. Discuss the importance of setting financial goals to meet financial needs.
- e. Explain the concept of using money to make money.
- f. Distinguish between saving and investing.
- g. Compare the outcome of saving/investing early versus late in life.
- h. Describe ways individuals benefit from saving/investing.

### **Performance Indicator: FI:065 Set financial goals (CS)**

**Objectives:**

- a. Discuss the value of planning in meeting financial goals.
- b. Identify obstacles to meeting financial goals.
- c. Describe characteristics of useful financial goals.
- d. Explain a financial goal-setting process.
- e. Demonstrate procedures for setting financial goals.

## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Analyze financial needs and goals to determine financial requirements.

### **Performance Indicator: FI:066 Develop personal budget (CS)**

**Objectives:**

- a. Define the following terms: personal budget, income, and expenses.
- b. Identify common personal income and expenses.
- c. Distinguish between fixed and variable expenses.
- d. Discuss the importance of developing a personal budget to manage spending and reach financial goals.
- e. Explain steps for developing a personal budget.
- f. Explain the role of ongoing tracking and analysis when budgeting.
- g. Demonstrate steps for developing a personal budget.

### **Performance Indicator: FI:562 Determine personal net worth (CS)**

**Objectives:**

- a. Define the terms asset, liability, and net worth.
- b. Identify personal assets.
- c. Identify personal liabilities.
- d. Explain the calculation of personal net worth.
- e. Discuss how knowing personal net worth can be beneficial.
- f. Prepare personal net worth statement.

**Performance Element:** Manage personal finances to achieve financial goals.

### **Performance Indicator: FI:067 Explain the nature of tax liabilities (PQ)**

**Objectives:**

- a. Define the term tax liability.
- b. Describe types of taxes (e.g., income, sales, property, excise, etc.).
- c. Identify levels of government that collect taxes (i.e., federal, state, local).
- d. Explain the purpose of taxes.
- e. Discuss who is required to pay taxes.

### **Performance Indicator: FI:068 Interpret a pay stub (PQ)**

**Objectives:**

- a. Define the following terms: pay period, gross income, net income, deduction, pension, 401(k), and FICA.
- b. Explain the components of a pay stub.
- c. Identify types of deductions that appear on pay stubs.
- d. Discuss reasons for interpreting a pay stub.
- e. Explain procedures for interpreting a pay stub.
- f. Demonstrate how to interpret a pay stub.

## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Manage personal finances to achieve financial goals.

### **Performance Indicator: FI:560 Write checks (PQ)**

**Objectives:**

- a. Explain the information that must be provided on checks.
- b. Describe how to fill out checks correctly.
- c. Discuss the importance of legibility in filling out checks.
- d. Discuss how to place a stop payment on checks.
- e. Describe how to endorse checks.
- f. Demonstrate procedures for writing checks.

### **Performance Indicator: FI:069 Maintain financial records (PQ)**

**Objectives:**

- a. Define the following terms: maintain, checkbook register, savings register, deposit, and withdrawal.
- b. Identify types of financial records that should be maintained (e.g., checkbook register, savings register).
- c. Discuss reasons to keep bank account records up-to-date.
- d. Discuss procedures used to maintain financial records.
- e. Demonstrate procedures used to maintain financial records.

### **Performance Indicator: FI:070 Balance a bank account (PQ)**

**Objectives:**

- a. Define the following terms: reconcile, bank statement, transaction, transaction fee, balance, and overdraft protection.
- b. Explain the components of a bank statement.
- c. Identify problems that may occur when bank statements are not reconciled.
- d. Discuss actions to take if a bank statement is incorrect.
- e. Explain procedures for balancing a bank account.
- f. Demonstrate how to balance a bank account.

### **Performance Indicator: FI:567 Explain the nature of charitable giving (PQ)**

**Objectives:**

- a. Distinguish between the terms tax exempt and tax deductible.
- b. Describe ways to give to charities.
- c. Identify types of charitable-giving scams.
- d. Discuss techniques for avoiding charitable-giving scams.
- e. Explain criteria that can be used to evaluate a charitable organization.
- f. Discuss how to check out a charity before contributing.

## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Manage personal finances to achieve financial goals.

### **Performance Indicator: FI:782 Calculate the cost of credit (CS)**

#### **Objectives:**

- a. Define the following terms: annual percentage rate, periodic interest rate, average daily balance, and cost of credit.
- b. Explain how interest increases the cost of credit.
- c. Discuss reasons for calculating the cost of credit.
- d. Demonstrate techniques for calculating the cost of credit.

### **Performance Indicator: FI:071 Demonstrate the wise use of credit (CS)**

#### **Objectives:**

- a. Define the following terms: annual fee and late fee.
- b. Discuss reasons to use credit wisely.
- c. Describe possible consequences of using credit unwisely.
- d. Identify situations that result in credit-history problems.
- e. Discuss methods for selecting sources of credit.
- f. Explain techniques to use credit wisely (e.g., limiting the number of credit cards, paying off credit balances, paying more than monthly minimum balance, and avoiding cash advances).
- g. Monitor credit reports.
- h. Demonstrate ways to use credit wisely.

### **Performance Indicator: FI:072 Validate credit history (CS)**

#### **Objectives:**

- a. Define the terms credit report, credit score/rating, and credit reporting agency.
- b. Explain reasons to check one's credit history.
- c. Discuss methods for obtaining one's credit history.
- d. Explain information included in a credit report.
- e. Discuss techniques used to validate one's credit history.
- f. Describe techniques for disputing information found in a credit report.
- g. Demonstrate methods to validate a personal credit history.

### **Performance Indicator: FI:783 Make responsible financial decisions (CS)**

#### **Objectives:**

- a. Discuss reasons for considering the consequences of financial decisions.
- b. Explain the importance of saving and investing regularly.
- c. Discuss the importance of reading and understanding financial terms and offers.
- d. Describe the benefits of comparison shopping.
- e. Describe the impact of impulse spending.
- f. Compare costs and benefits of buying vs. renting/leasing.
- g. Explain financial scams to avoid.
- h. Demonstrate how to make responsible financial decisions.

## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Manage personal finances to achieve financial goals.

### **Performance Indicator: FI:073 Protect against identity theft (CS)**

**Objectives:**

- a. Define the following terms: identity theft, phishing.
- b. Explain the importance of guarding against identity theft.
- c. Identify ways in which one's identity may be stolen.
- d. Describe problems that may occur if a person becomes the victim of identity theft.
- e. Explain what an individual should do if they fall victim to identity theft.
- f. Discuss methods to protect against identity theft.
- g. Demonstrate methods to protect against identity theft.

### **Performance Indicator: FI:565 Pay bills (CS)**

**Objectives:**

- a. Identify frequently paid bills.
- b. Explain information usually found on bills.
- c. Discuss the importance of verifying charges identified on billing statements.
- d. Describe methods to contest incorrect bills.
- e. Describe ways that bills can be paid (e.g., manually, electronically, direct withdrawal, etc.).
- f. Discuss the impact of failing to pay bills on time.
- g. Demonstrate procedures for paying bills.

### **Performance Indicator: FI:625 Apply for a consumer loan (SP)**

**Objectives:**

- a. Explain factors that affect whether a person will be granted a loan (e.g., character, capacity, collateral).
- b. Discuss factors to consider in selecting a consumer loan to obtain.
- c. Describe how APR impacts choice of loans.
- d. Explain the role of cosigners when applying for a loan.
- e. Identify documentation that must be supplied when applying for a consumer loan.
- f. Identify information that must be provided on a consumer loan application.
- g. Demonstrate procedures for applying for a consumer loan.

## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Manage personal finances to achieve financial goals.

### **Performance Indicator: FI:568 Control debt (CS)**

#### **Objectives:**

- a. Define the terms insolvent, total debt, total assets, bankruptcy, debt consolidation, secured debt, unsecured debt, forbearance, foreclosure, and bankruptcy.
- b. Identify causes of excessive debt.
- c. Explain how contacting creditors can help when excessive debt occurs.
- d. Discuss options that delinquent borrowers can use to control debt (e.g., repayment plan, forbearance, loan modification, etc.).
- e. Discuss actions creditors can take when individuals fail to pay their loans (e.g., use of debt collectors, garnishment, repossession, foreclosure)
- f. Identify warning signs of debt crisis.
- g. Explain the nature of bankruptcy.
- h. Discuss the impact of bankruptcy (e.g., on credit reports, future credit acquisition, employment, etc.).
- i. Demonstrate ways to control debt.

### **Performance Indicator: FI:074 Prepare personal income tax forms (CS)**

#### **Objectives:**

- a. Define the terms adjusted gross income, 1040 tax form, taxable income, exemptions, and deductions.
- b. Identify criteria for filing personal income tax forms.
- c. Describe the information contained on a W-2 form.
- d. Explain an employer's responsibility for providing employees with W-2 forms.
- e. Identify forms of income that must be reported on personal income tax forms.
- f. Demonstrate procedures for preparing a personal income tax form.

### **Performance Indicator: FI:831 Discuss options for financing a college education (CS)**

#### **Objectives:**

- a. Identify different types of higher education (e.g., college, university, non-profit, for-profit, public, private, 4-year institution, 2-year institution).
- b. Identify costs associated with attending a college/university.
- c. Discuss methods to save for a college education (e.g., 529 plans, mutual funds).
- d. Discuss aid sources for financing a college education (e.g., scholarships, grants, loans).
- e. Distinguish between scholarships and grants.
- f. Explain the role of financial aid in funding a college education.
- g. Discuss the federal student aid application and approval process.
- h. Describe the student loan repayment process

## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Manage personal finances to achieve financial goals.

### **Performance Indicator: FI:569 Discuss the nature of retirement planning (CS)**

#### **Objectives:**

- a. Define the term retirement planning, asset allocation, and vesting.
- b. Explain the importance of starting early when planning for retirement.
- c. Discuss factors to consider when planning for retirement (e.g., inflation rates, health care needs, housing needs/costs, desired retirement age, etc.)
- d. Distinguish between defined benefit retirement plans and defined contribution retirement plans.
- e. Cite an example of a defined benefit retirement plan (e.g., pension plan).
- f. Cite an example of a defined contribution retirement plan (e.g., 401(k), 403(b)).
- g. Distinguish between an individual retirement account (IRA) and a Roth IRA.
- h. Discuss protections that are in place to protect employees' retirement plans.
- i. Explain the relationship between Social Security benefits and a benefit retirement plan.
- j. Discuss how the amount of Social Security benefits received at retirement is determined.
- k. Discuss how the use of asset allocation protects savings and investments.
- l. Describe techniques that can be used to close the gap between retirement savings and retirement expenses.

**Performance Element:** Understand the use of financial-services providers to aid in financial-goal achievement.

### **Performance Indicator: FI:075 Describe types of financial-services providers (CS)**

#### **Objectives:**

- a. Identify types of financial-services providers.
- b. Describe banking services.
- c. Compare types of banking institutions.
- d. Discuss investment services.
- e. Explain services offered by insurance companies.
- f. Describe intermediation or advisory services (e.g., stock brokers, discount brokers, etc.).
- g. Discuss online services provided by financial institutions.

### **Performance Indicator: FI:076 Discuss considerations in selecting a financial-services provider (CS)**

#### **Objectives:**

- a. Discuss situations requiring financial-services providers.
- b. Describe ways in which financial-services providers are paid.
- c. Explain obstacles in relying on the advice of financial-services providers.
- d. Explain factors used to evaluate financial-services providers.

## **Instructional Area: Financial Analysis (FI) (cont'd)**

**Performance Element:** Use investment strategies to ensure financial well-being.

### **Performance Indicator: FI:077 Explain types of investments (CS) LAP-FI-077**

**Objectives:**

- a. Define the following terms: savings accounts, money market accounts, certificates of deposit, bonds, lending investments, stocks, mutual funds, collectibles, ownership investments, securities.
- b. Explain the relationship between risk and return.
- c. Distinguish between lending and ownership investments.
- d. Identify types of lending investments (e.g., savings accounts, money market accounts, certificates of deposit, and bonds).
- e. Describe the risks and returns associated with lending investments.
- f. Identify types of ownership investments (e.g., stocks, mutual funds, collectibles, and real estate).
- g. Explain the risks and returns associated with ownership investments.

**Performance Element:** Use risk management products to protect a business's financial well-being.

### **Performance Indicator: FI:081 Describe the concept of insurance (CS)**

**Objectives:**

- a. Define the following terms: insurance, premium, deductible, coverage, and liability.
- b. Discuss the relationship between risk and insurance.
- c. Explain the purpose of insurance.
- d. Identify common types of insurance (e.g., property, liability, health, disability, life).
- e. Describe insurance needs at different stages in life.
- f. Discuss the consequences of not having insurance or being underinsured.
- g. Explain how insurance works.

**Performance Element:** Identify potential threats and opportunities to protect financial well-being.

### **Performance Indicator: FI:571 Determine insurance needs (SP)**

**Objectives:**

- a. Explain how determining life insurance needs differs from determining other insurance needs.
- b. Describe factors to consider when determining the amount of insurance needed.
- c. Discuss information needed to calculate insurance needs.
- d. Demonstrate procedures for determining insurance needs.



## **Instructional Area: Professional Development (PD)**

**Performance Element:** Acquire knowledge of banking processes and services to facilitate workplace activities.

### **Performance Indicator: PD:154 Describe types of personal banking products and services (CS)**

**Objectives:**

- a. Define the following terms: overdraft protection, Automated Clearing House (ACH), asset management, and lockbox.
- b. Discuss common types of lending products and services (e.g., mortgages, vehicle loans, lines of credit, credit cards, cash advances, debt consolidation, etc.).
- c. Explain deposit account products and services (e.g., checking accounts, savings accounts, certificates of deposit [CDs], debit/ATM cards, overdraft protection, etc.).
- d. Describe common electronic banking services (e.g., wire transfers, online banking, online bill pay, electronic funds transfer [EFT] payments, automated teller machines [ATMs], mobile banking, etc.).
- e. Identify asset management services (e.g., trust services, safety deposit boxes, etc.).
- f. Identify customer-service channels frequently used in personal banking (e.g., brick and mortar branches, call centers, mobile app, etc.).
- g. Describe miscellaneous common personal banking products and services (e.g., cashier's checks, certified checks, money orders, notary services, etc.).

# **Sequence of Instruction**

## Section 3

<b>Orientation</b>		
What is the course about?	<p>Explain the goals of the <i>Personal Finance</i> course</p> <p>Describe classroom operations and procedures</p> <p>Discuss the goals, mission, and objectives of related career and technology student organizations</p>	5 days
<b>Setting Financial Goals</b>		
What forms of money are accepted?	<p>FI:058 Explain forms of financial exchange (cash, credit, debit, electronic funds transfer, etc.) (PQ) (pp. 4-2—4-3)</p> <p>FI:059 Identify types of currency (paper money, coins, banknotes, government bonds, treasury notes, etc.) (PQ) (pp. 4-5—4-6)</p>	5 days
What will money do for you?	FI:060 Describe functions of money (medium of exchange, unit of measure, store of value) (PQ) (pp. 4-7—4-9)	5 days
What are your financial goals?	FI:065 Set financial goals (CS) (pp. 4-10—4-12)	
<b>Earning Your Money</b>		
How do you get the money you need?	FI:061 Describe sources of income and compensation (CS) (pp. 4-13—4-16)	5 days
How much money will you take home?	FI:068 Interpret a pay stub (PQ) (pp. 4-17—4-19)	
<b>Allocating Your Money to Achieve Goals</b>		
How much do you own now?	FI:562 Determine personal net worth (CS) (pp. 4-22—4-24)	5 days
How can you meet your financial goals?	FI:066 Develop personal budget (CS) (pp. 4-25—4-28)	

<b>Tracking Your Money</b>		
How can financial-services providers help you?	FI:075 Describe types of financial-services providers (CS) (pp. 4-29—4-31) FI:076 Discuss considerations in selecting a financial-services provider (CS) (pp. 4-33—4-34)	5 days
What banking products and services are available to you?	PD:154 Describe types of personal banking products and services (CS) (pp. 4-35—4-37)	
What financial records should you keep?	FI:069 Maintain financial records (PQ) (pp. 4-38—4-39)	5 days
Why and how should you keep track of your money?	FI:070 Balance a bank account (PQ) (pp. 4-40—4-42)	
<b>Borrowing Money</b>		
How can you get enough money to buy something you need?	FI:002 Explain the purposes and importance of credit (CS) LAP-FI-002(pp. 4-43—4-45)	5 days
How much will it cost to borrow money?	FI:782 Calculate the cost of credit (CS) (pp. 4-46—4-48)	
How can you show “credit smarts”?	FI:071 Demonstrate the wise use of credit (CS) (pp. 4-50—4-52)	5 days
How can you get a loan?	FI:625 Apply for a consumer loan (SP) (pp. 4-53—4-55)	
What options do you have for paying for college?	FI:831 Discuss options for financing a college education (CS) (pp. 4-57—4-58)	2 days
<b>Paying Your Way</b>		
How can you show “money smarts”?	FI:783 Make responsible financial decisions (CS) (pp. 4-59—4-62)	3 days
How do you pay your bills?	FI:565 Pay bills (CS) (pp. 4-64—4-66)	5 days
How do you write a check?	FI:560 Write checks (PQ) (pp. 4-69—4-71)	
What taxes do you pay?	FI:067 Explain the nature of tax liabilities (PQ) (pp. 4-76—4-78)	5 days
How much do you owe the government?	FI:074 Prepare personal income tax forms (CS) (pp. 4-79—4-81)	

<b>Protecting What You Have</b>		
What laws and regulations impact consumer financial products and services?	FI:063 Explain legal responsibilities associated with consumer financial products and services (CS) (pp. 4-82—4-84)	5 days
How do you protect your credit and your good name?	FI:072 Validate credit history (CS) (pp. 4-85—4-86)	
	FI:073 Protect against identity theft (CS) (pp. 4-87—4-89)	5 days
What can you do to stay out of debt?	FI:568 Control debt (CS) (pp. 4-90—4-92)	
How do you protect yourself?	FI:081 Describe the concept of insurance (CS) (pp. 4-93—4-95)	5 days
How much insurance do you need?	FI:571 Determine insurance needs (SP) (pp. 4-96—4-98)	
<b>Growing Your Money</b>		
Why should you save and invest?	FI:270 Explain the need to save and invest (CS) (pp. 4-99—4-101)	5 days
What is your money worth?	FI:062 Explain the time value of money (CS) (pp. 4-103—4-106)	
What investment tools can you use to grow your money?	FI:077 Explain types of investments (CS) LAP-FI-077 (pp. 4-107—4-110)	5 days
How do you build your nest egg?	FI:569 Discuss the nature of retirement planning (CS) (pp. 4-111—4-113)	
<b>Giving Back</b>		
How can you help others?	FI:567 Explain the nature of charitable giving (PQ) (pp. 4-114—4-116)	2 days

# Planning Guide Sheets

## Section 4

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**FI:058 Explain forms of financial exchange (cash, credit, debit, electronic funds transfer, etc.)**

**Curriculum Planning Level:** PQ

**Objectives:**

- a. Define the following terms: cash, credit, debit, electronic funds transfer, negotiable instruments, promissory notes, holder in due course.
- b. Explain the need for forms of financial exchange.
- c. Describe the advantages and disadvantages of different forms of financial exchange.
- d. Discuss how credit and debit cards and checks are used as forms of financial exchange.
- e. Discuss how negotiable instruments are used as forms of financial exchange.

**Activity:**

Ask students to conduct online research for three local banks. In their research, students should compare their services and find information about the various forms of financial exchange the banks handle. Give students a copy of the handout titled *Ready Cash* found on page 4-4, and ask them to complete the handout. Divide the class into pairs of students, and ask the paired students to discuss their rationale.

**Ethics Case for Students:**

After his mom leaves for work in the morning, Alex realizes that she left behind her credit card on the kitchen counter. He tries to call his mom and let her know, but she doesn't answer. Alex thinks about just leaving the card on the counter until his mom comes home that evening, but then he wonders if he should use the card to pay for a new pair of soccer cleats. While his mom hasn't officially said he could use her credit card for that purchase, he did hear her say just yesterday that she needs to buy him a new pair for next season. What should Alex do? (*Ethical Principles Involved: Integrity, Trust, Accountability*)

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Name of Bank	Forms of Exchange	Interest Rate	Minimum Balance	Printing Charges*	Transaction Charges†	Annual Fees

\*Printing charges may include fees that the bank charges for providing hard copies of account documents (e.g., bank statements, cancelled checks, etc.). Banks also sometimes charge printing fees based on how many checks a customer writes per month.

†Transaction charges may include fees for going under the minimum balance for an account, bouncing a check, utilizing overdraft protection, using an ATM card more than the allowable number of times per month, or using a non-affiliated ATM machine.

1. Which bank would you choose? Why?
2. What bank services would you use? Why?
3. What are the advantages/disadvantages associated with the form of financial exchange you chose?

**FI:059 Identify types of currency (paper money, coins, banknotes, government bonds, treasury notes, etc.)**

**Curriculum Planning Level:** PQ

**Objectives:**

- a. Define the following terms: currency, private currency, fiat currency, deposit money, representative money, commodity money, local currency, specie, and banknote.
- b. Discuss the importance of currency in an economy.
- c. Explain the advantages and disadvantages of fiat currency.
- d. Differentiate between coins and paper money.

**Activity:**

Instruct students to develop a short lesson about the different types of currency and the importance of currency in the U.S. economy. The lesson should include discussion questions, a group activity, and a short individual assignment. If possible, make arrangements for students to teach the lesson to local middle-school students.

**Ethics Case for Students:**

As you're walking down the street, you notice a wallet by the side of the road. When you open the wallet, you see it has an ID and \$50 in it. What should you do next—turn in the wallet in case someone goes looking for it, take the cash out of the wallet for yourself, or some other course of action? (*Ethical Principles Involved: Integrity, Accountability, Respect*)

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**FI:060 Describe functions of money (medium of exchange, unit of measure, store of value)****Curriculum Planning Level:** PQ**Objectives:**

- a. Explain why money is used as a medium of exchange.
- b. Discuss how money is used as a unit of measure.
- c. Describe how money is used as a store of value.
- d. Explain how money is used as an incentive.

**Activity:**

Tell students to interview an adult to get examples of how money is used in the following ways:

1. As a medium of exchange
2. As a unit of measure
3. As a store of value
4. As an incentive

Divide the class into groups of four or five students to share their findings.

**Ethics Case for Students:**

Money is often used to incentivize people into taking a certain action. For example, many companies offer bonuses and other financial prizes to reward workers for their efforts. However, the same sum of money—such as that found in a bonus—means something different to everyone, depending on their financial circumstances. Is it ethical to use money as an incentive, knowing that this incentive will likely impact and influence people in different ways? (*Ethical Principles Involved: Fairness, Viability*)

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**FI:065 Set financial goals**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Discuss the value of planning in meeting financial goals.
- b. Identify obstacles to meeting financial goals.
- c. Describe characteristics of useful financial goals.
- d. Explain a financial goal-setting process.
- e. Demonstrate procedures for setting financial goals.

**Activity:**

Lead a class discussion about the difficulty of *quantifying* some financial goals. Brainstorm ways the goal “save for retirement” can be broken down into specific things to do *now*, even if one doesn’t know how much or when money will be needed. The list might include things like controlling spending habits, setting aside some general savings, learning about Social Security, learning about investing, etc.

To learn about Social Security, direct students to check out the website <https://www.ssa.gov/myaccount>. Explain that once they develop a work history, they can check out their information on this site. Explain that the Social Security Administration sends personal statements only to workers age 25 and older.

Ask students to print a copy of the worksheet titled *My New Money Goal* found at [https://files.consumerfinance.gov/f/documents/cfpb\\_my-new-money-goal\\_worksheet.pdf](https://files.consumerfinance.gov/f/documents/cfpb_my-new-money-goal_worksheet.pdf), or make a copy to distribute to each student. Ask students to identify one long-term goal that takes money to achieve/acquire. Tell them to read through the handout and complete it to the best of their ability. Pair students up to discuss their financial goal and how long it will take.

**Ethics Case for Students:**

In your personal finance class at school, you have been working on setting financial goals for yourself. You know that you need to save money for a car and for your college education, so you decide to set a goal to have \$5,000 in a savings account by the time you’re done with high school.

A year after setting your goal, you realize that you haven’t put any money into your savings account. You’ve spent all of your money on tickets to concerts and movies and going out to eat with your friends. You still want to achieve your goal of having \$5,000 in savings, but you’re feeling frustrated. You don’t want to sacrifice having a good time. What should you do? Can you enjoy your life and still achieve your financial goals?

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**FI:061 Describe sources of income and compensation**

Curriculum Planning Level: CS

**Objectives:**

- a. Define the following terms: wage, salary, interest, rent, dividends, and transfer payments.
- b. Distinguish between earned and unearned income.
- c. Explain the benefits and drawbacks of different sources of income.
- d. Discuss the use of benefits as a form of compensation.
- e. Describe the relationship between education and income.
- f. Discuss the influence of career choice on income.
- g. Explain the risks inherent in relying on receipt of inheritances.
- h. Discuss tax implications associated with sources of income.

**Activity:**

As a class, discuss different sources of income. Then, help students to develop a series of survey questions that they can use to collect information from classmates, family members, and other people about these individuals' jobs and sources of income. Be sure to explain that most people do not like to say how much money they make, but these same individuals might be willing to say where they work and what percentage of their incomes comes from wages/salaries, interest, rent, dividends, transfer payments, etc.

Then, each student should use the survey questions that the class developed to collect income information from three adults they know. After gathering this information, students should create a series of pie charts depicting their findings (one pie chart per interviewee). Finally, divide the class into groups of four or five students each. In groups, students should discuss their findings and draw conclusions regarding the relationship between a person's age, employment status, and sources of income.

## Ethics Case for Students:

Carrie, the owner of several apartment units, recently lost her full-time job, eliminating a large portion of her income. She intends to find another job, but in the meantime, she needs another source of revenue. She is considering increasing the monthly rent for her tenants by \$200 each, allowing her more time to land a new full-time position. Carrie knows that many of her tenants struggle to make ends meet, but it seems like she doesn't have any other choice. What would you do in this situation?

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**FI:068 Interpret a pay stub**

**Curriculum Planning Level:** PQ

**Objectives:**

- a. Define the following terms: pay period, gross income, net income, deduction, pension, 401(k), and FICA.
- b. Explain the components of a pay stub.
- c. Identify types of deductions that appear on pay stubs.
- d. Discuss reasons for interpreting a pay stub.
- e. Explain procedures for interpreting a pay stub.
- f. Demonstrate how to interpret a pay stub.

**Activity:**

Provide students a copy of the pay stub provided on page 4-20. Explain that they interpret the information found on the stub. Ask them to record their findings on the handout titled *The Long and The Short of It* found on page 4-21. Ask students to submit their completed handout to you.

**Ethics Case for Students:**

You recently began a new job as a part-time retail associate after school. You need the income to help pay for gas money and insurance now that you have your own car. When you receive your first pay-check you realize that you were paid for 25 hours of work—even though you only worked 20 hours that week. You could really use the extra money, but you know your employer made a mistake. What should you do?

---

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**Author:** Ryan, J.S., & Ryan, C.  
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**References:** [Lesson 3-1c]  
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**URL:** <https://docs.google.com/document/d/1I4V2VtQu8OrLZBQGOE0Is4UXkxlqeONq8UI7rxgp3zE/edit>  
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**Author:** Next Gen Personal Finance  
**URL:** <https://docs.google.com/document/d/1N2wHj7e5XFRw-jdsDuaqhkUsOX9wf-eifBVuARROHos/edit>  
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**Author:** Northwestern Mutual  
**URL:** <https://www.themint.org/teens/decoding-your-paycheck.html>  
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**Title:** Everything you need to know about payroll deductions.  
**Author:** Heathfield, S. M.  
**URL:** <https://www.liveabout.com/payroll-deductions-1918223>  
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**Author:** Consumer Financial Protection Bureau  
**URL:** <https://www.consumerfinance.gov/consumer-tools/educator-tools/youth-financial-education/teach/activities/examining-elements-paycheck>  
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**Accessed on:** 2022-09-21

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**Author:** Next Gen Personal Finance  
**URL:** <https://docs.google.com/document/d/1dBfOf7JXlyegs06cCr2hkxX2yHP67ly8qz2je9sNvys/edit>  
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**Author:** FMP

**URL:** <https://fmpglobal.com/resources/useful-info/understanding-your-paycheck-stub>

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**Author:** Elliot, S.

**URL:** <https://www.youtube.com/watch?v=pTjJQDDID4w>

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**Author:** College & Career Ready Labs | Paxton Patterson

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**URL:** <https://www.thebalancemoney.com/what-is-included-on-a-pay-stub-2062766>

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**Author:** Caldwell, M.

**URL:** <https://www.liveabout.com/understanding-your-paycheck-withholdings-2386382>

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**Author:** Kenton, W.

**URL:** <https://www.investopedia.com/terms/g/grossincome.asp>

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PAYCHEX SAMPLE PAYROLL 211 WASHINGTON AVENUE ANYCITY, OH 12345	1756-000200  56-9999 9999	07/23/2007 DATE	25 CHECK NO.	
PAY TO THE ORDER OF  ANDREW SCHULTZ 736362 STEEL AVENUE ANYCITY OH 12345		**VOID** AMOUNT		
**VOID****THIS IS NOT A CHECK****VOID****THIS IS NOT A CHECK**		** Non Negotiable **		
SAMPLE BANK ANYCITY, OH	DEPOSIT ACCOUNT 3395	DEPOSIT AMOUNT *****664.21		AUTHORIZED SIGNATURE(S)

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YOUR BANKING			EARNINGS				YTD AMOUNT	
ITEM	AMOUNT	DEPOSIT TO ACCT #		HOURS	RATE	AMOUNT		
NET	664.21	3395	HOLIDAY	8.00	15.000	120.00		
			VACATION	8.00	15.000	120.00		
			REGULAR	64.00	15.000	960.00		

TOTAL EARNINGS 1200.00 17622.50

EMPLOYER INFORMATION		FILING STATUS		TAX TYPE		AMOUNT		YTD AMOUNT	
PAYCHEX SAMPLE PAYROLL 211 WASHINGTON AVENUE ANYCITY, OH 12345		S 00	+20	SOC SEC	71.69	1054.65			
		S 00	+5	MEDICARE	16.77	246.69			
		S 00		FEDERAL	157.39	2396.21			
		S 00		OH	40.06	599.12			
				COLMB	23.13	340.27			

PAY PERIOD 06/19/07 TO 07/02/07  
 CHECK DATE 07/23/07 CHECK # 25

TOTAL WITHHOLDINGS 309.04 4636.94

PERSONAL INFORMATION		ADJUSTMENTS		AMOUNT		YTD AMOUNT	
ANDREW SCHULTZ 736362 STEEL AVENUE ANYCITY OH 12345  SS# XXX-XX-0407 EML# 000004 DEPT# 000200		EXP REIMB	10.00	+	164.00	+	
		HLTH S 125	43.75	-	612.50	-	
		PAYX 401K	48.00	-	704.90	-	
		LOAN	25.00	-	350.00	-	
		GARN MNT	120.00	-	1762.25	-	

TOTAL ADJUSTMENTS 226.75-

**IMPORTANT MESSAGE**  
 OPEN ENROLLMENT BEGINS  
 NEXT WEEK.

Payrolls by Paychex, Inc.

* 1030 1756 0001 000200	NET PAY	664.21	9719.91 *
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What is the employee's gross pay? \_\_\_\_\_

How much local tax is deducted from the paycheck? - \_\_\_\_\_

How much state tax is deducted from the paycheck? - \_\_\_\_\_

How much federal tax is deducted from the paycheck? - \_\_\_\_\_

How much did the employee contribute to FICA? - \_\_\_\_\_

What is the tax rate for FICA? \_\_\_\_\_

How much did the employee contribute to Medicare? - \_\_\_\_\_

What is the tax rate for Medicare? \_\_\_\_\_

How much did the employee pay for other deductions? - \_\_\_\_\_

What was the purpose of the other deductions?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

How much was added to the employee's check for an expense reimbursement? + \_\_\_\_\_

What is the employee's net pay? = \_\_\_\_\_

If the employee is paid every twice a month, what is the gross annual pay? \_\_\_\_\_

How much local tax will be deducted yearly? - \_\_\_\_\_

How much state tax will be deducted yearly? - \_\_\_\_\_

How much federal tax will be deducted yearly? - \_\_\_\_\_

How much will the employee contribute to FICA yearly? - \_\_\_\_\_

How much will the employee contribute to Medicare yearly? - \_\_\_\_\_

How much will the employee pay for other deductions yearly? - \_\_\_\_\_

What is the employee's annual net pay? = \_\_\_\_\_

What percent of the employee's annual gross salary is deducted for taxes and other expenses? \_\_\_\_\_

**FI:562 Determine personal net worth****Curriculum Planning Level:** CS**Objectives:**

- a. Define the terms asset, liability, and net worth.
- b. Identify personal assets.
- c. Identify personal liabilities.
- d. Explain the calculation of personal net worth.
- e. Discuss how knowing personal net worth can be beneficial.
- f. Prepare personal net worth statement.

**Activity:**

Instruct students to read the Investopedia article "Net Worth: What It Is and How to Calculate It" and to watch the video included in the article: <https://www.investopedia.com/terms/n/networth.asp>.

Then, ask your students to form groups of 3 or 4 and discuss the following questions:

- What is the difference between assets and liabilities?
- What are some assets and liabilities you have, or will have, in your life?
- The Johnson family has the following assets: a \$200,000 house, two cars worth a combined \$60,000, and others totaling \$7,000. Meanwhile, the family's liabilities include a mortgage loan of \$115,000 and two car loans totaling \$20,000. What is their net worth?
- Why is it beneficial to know your personal net worth?

**Ethics Case for Students:**

Knowing your net worth is important. However, is it important to know the net worth of other people? For example, we frequently see the net worth of certain celebrities in news headlines and on websites. Is it ethical to make this information public and so widely distributed—why or why not? (*Ethical Principles Involved: Respect, Transparency, Fairness*)

---

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**Author:** Brigham, E.F., & Ehrhardt, M.C.  
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**Title:** Personal financial literacy (3rd ed.)  
**Author:** Ryan, J.S., & Ryan, C.  
**References:** [Lesson 4.1b]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**Author:** Davis, G. B.  
**URL:** <https://www.moneycrashers.com/calculate-personal-net-worth>  
**Copyright:** 2021, October 1  
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**Author:** Villafuerte, F.  
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**Author:** Poirot, L.  
**URL:** <https://investorjunkie.com/personal-finance/increase-net-worth>  
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**Author:** Curry, B., & Schmidt, J.  
**URL:** <https://www.forbes.com/advisor/investing/financial-advisor/net-worth-calculator>  
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**FI:066 Develop personal budget**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Define the following terms: personal budget, income, and expenses.
- b. Identify common personal income and expenses.
- c. Distinguish between fixed and variable expenses.
- d. Discuss the importance of developing a personal budget to manage spending and reach financial goals.
- e. Explain steps for developing a personal budget.
- f. Explain the role of ongoing tracking and analysis when budgeting.
- g. Demonstrate steps for developing a personal budget.

**Activity:**

Read the article "Budgeting: How to create a budget and stick with it" from the Consumer Financial Protection Bureau to help your students better understand what a budget is and the importance of developing a personal budget: <https://www.consumerfinance.gov/about-us/blog/budgeting-how-to-create-a-budget-and-stick-with-it>.

Then, ask your students to pair up and discuss the following questions:

- What are some personal sources of income and expenses in your life?
- Why is it important to develop a personal budget?
- Once you develop a personal budget, what can you do to make sure you stick with it?

**Ethics Case for Students:**

Now that you have a part-time job waiting tables after school, you've created a personal budget for yourself to track your spending. You're trying to save money for a car so that you can drive yourself to work every day. Your budget allows you to spend \$30 a week on whatever you want, and the rest of your paycheck goes into your savings account.

This weekend your friends are planning a trip to a local amusement park. You know that admission tickets cost \$25, and you've already spent your \$30 for the week on a new pair of running shoes. You really want to go with your friends, but you know that you won't be able to afford a car unless you save your money. What should you do?

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**Author:** Garman, E.T., & Forgue, R.E.  
**References:** [Lesson 3.5]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**Author:** Dantus, C.  
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**Author:** Bocco, D., & Harris, B.  
**URL:** <http://www.wisegeek.com/how-can-i-create-a-budget.htm>  
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**Author:** Anspach, D.  
**URL:** <https://www.thebalance.com/an-investment-plan-requires-5-key-considerations-2388541>  
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**Author:** Khan Academy  
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**Author:** VISA & NFL  
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**URL:** <http://www.bankrate.com/calculators/smart-spending/home-budget-plan-calculator.aspx>  
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**URL:** <http://content.moneyinstructor.com/423/creating-budget-expenses.html>  
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**Author:** Pant, P.

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**FI:075 Describe types of financial-services providers**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Identify types of financial-services providers.
- b. Describe banking services.
- c. Compare types of banking institutions.
- d. Discuss investment services.
- e. Explain services offered by insurance companies.
- f. Describe intermediation or advisory services (e.g., stock brokers, discount brokers, etc.)
- g. Discuss online services provided by financial institutions.

**Activity:**

Ask students to take a look at the many types of financial services providers available to consumers by conducting internet research on the major types of financial institutions. As they do their research, they should complete the handout titled *We're Here for You* found on page 4-32, identifying the key characteristics of each type. Ask students to share their findings.

**Ethics Case for Students:**

Unlike banks, credit unions are nonprofit organizations that are exempt from paying federal and most state taxes. Should this continue to be the case? Who stands to be benefited by this arrangement—and who could potentially be harmed? (*Ethical Principles Involved: Transparency, Viability, Fairness, Rule of Law*)

---

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**Author:** Garman, E.T., & Fogue, R.E.  
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**Author:** Next Gen Personal Finance

**URL:** [https://docs.google.com/document/d/10\\_rfoe5YHoyU7p1sHWbHRwWWUYFuDjheqe5Y3qZViOM/edit](https://docs.google.com/document/d/10_rfoe5YHoyU7p1sHWbHRwWWUYFuDjheqe5Y3qZViOM/edit)

**Copyright:** 2022, September 6

**Accessed on:** 2022-09-21

**Title:** Lesson 8.1 Insurance as vital risk management.

**Author:** Next Gen Personal Finance

**URL:** <https://docs.google.com/document/d/1e-QO7OVmxdp7nUTgH2X7l-hgn-Sq5vY0waxiWiaxLCDo/edit>

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**Author:** Majaski, C.

**URL:** <http://www.investopedia.com/articles/general/071213/retail-banking-vs-commercial-banking.asp>

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**Author:** Kagan, J.

**URL:** <https://www.investopedia.com/terms/t/taxadvisor.asp>

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**Author:** Horton, M.

**URL:** <https://www.investopedia.com/ask/answers/061615/what-are-major-categories-financial-institutions-and-what-are-their-primary-roles.asp>

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**Title:** What do banks do? [Video].

**Author:** Marginal Revolution University

**URL:** <https://mru.org/courses/principles-economics-macroeconomics/banks-financial-intermediaries>

**Copyright:** 2016, June 28

**Accessed on:** 2022-09-21

**Directions:** Conduct internet research to determine the key characteristics of financial-services providers. Be sure to include:

- a) Commercial banks
- b) Savings and loans
- c) Credit unions
- d) Brokerage firms
- e) Insurance companies
- f) Accounting firms

Type of Institution	Brief Description	Key Services Offered	Online? Yes or No

**FI:076 Discuss considerations in selecting a financial-services provider**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Discuss situations requiring financial-services providers.
- b. Describe ways in which financial-services providers are paid.
- c. Explain obstacles in relying on the advice of financial-services providers.
- d. Explain factors used to evaluate financial-services providers.

**Activity:**

Invite multiple financial professionals (e.g., loan officer, insurance agent, investment planner, etc.) to speak to the class about factors to consider in selecting and evaluate financial-services providers. Ask the guest speakers to discuss situations in which their services are often required, ways in which professionals in their line of work are paid, and obstacles that customers sometimes face when relying on the advice of financial-services providers. Following the guest speakers' presentations, instruct each student to develop a list of five factors to consider when selecting a financial-services provider and submit the list to the instructor for review.

**Ethics Case for Students:**

Rian is looking for a new bank in her area. Her mother is encouraging her to go with Bank A, because that's where her aunt works. However, Rian thinks the services offered by Bank B are a better fit for her needs. What should she do? (*Ethical Principles Involved: Integrity, Fairness, Respect*)

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**Author:** Taylor, S.

**URL:** <http://money.usnews.com/money/personal-finance/articles/2014/05/13/5-questions-to-ask-before-choosing-a-loan-officer>

**Copyright:** 2014, May 13.

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**Author:** Nicastro, S., & Kearns, D.

**URL:** <https://www.nerdwallet.com/blog/mortgages/5-tips-finding-mortgage-lender>

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**Author:** Anspach, D.

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**Author:** Next Gen Personal Finance

**URL:** <https://docs.google.com/document/d/19cPw6O33wj90Dsicb5VXLhVfcC2e92HmA0f9NvqHESw/edit>

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**Title:** Lesson 1.5 Select a checking account.

**Author:** Next Gen Personal Finance

**URL:** <https://docs.google.com/document/d/1i8nOBwYz3jysgQjPZrZToyT8IjnY71SyfB-cBhAvd5Y/edit>

**Copyright:** 2022, February 25

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**PD:154 Describe types of personal banking products and services**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Define the following terms: overdraft protection, Automated Clearing House (ACH), asset management, and lockbox.
- b. Discuss common types of lending products and services (e.g., mortgages, vehicle loans, lines of credit, credit cards, cash advances, debt consolidation, etc.).
- c. Explain deposit account products and services (e.g., checking accounts, savings accounts, certificates of deposit [CDs], debit/ATM cards, overdraft protection, etc.).
- d. Describe common electronic banking services (e.g., wire transfers, online banking, online bill pay, electronic funds transfer [EFT] payments, automated teller machines [ATMs], mobile banking, etc.).
- e. Identify asset management services (e.g., trust services, safety deposit boxes, etc.).
- f. Identify customer-service channels frequently used in personal banking (e.g., brick and mortar branches, call centers, mobile app, etc.).
- g. Describe miscellaneous common personal banking products and services (e.g., cashier's checks, certified checks, money orders, notary services, etc.).

**Activity:**

In teams, students should research retail and business banking products and services offered by financial institutions in the local area. Based on its research, each team should develop a poster identifying the institutions with the most extensive retail and/or business offerings, along with the products and services that these financial institutions offer to their retail and business clients.

**Ethics Case for Students:**

A retail bank offers electronic banking services, including wire transfers, online bill pay, and electronic funds transfer. The bank has a number of minor security precautions already in place, but some of the IT professionals have requested that the bank increase its security measures for electronic banking services. The top-level executives are not sure that increasing security would be worth the cost because they have never had a security problem with the current system. Does the bank have an ethical responsibility to have the most up-to-date security for its online banking? Or does it have a right to choose whatever security precautions it wants? (*Ethical Principles Involved: Trust, Accountability, Transparency, Respect, Rule of Law, Viability*)



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**Title:** Cashier's check vs. money order: What's the difference?

**Author:** Lake, R.

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**Author:** Rodgers, D.

**URL:** <https://www.thebalance.com/financial-services-provided-by-different-types-of-banks-1290601>

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**Author:** McWhinney, J.

**URL:** <https://www.investopedia.com/articles/investing/070715/confused-how-imf-world-bank-wto-differ.asp>

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**URL:** <https://www.investopedia.com/terms/b/business-banking.asp>

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**Author:** Pritchard, J.

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**Author:** Ganti, A.

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**FI:069 Maintain financial records**

**Curriculum Planning Level:** PQ

**Objectives:**

- a. Define the following terms: maintain, checkbook register, savings register, deposit, and withdrawal.
- b. Identify types of financial records that should be maintained (e.g., checkbook register, savings register).
- c. Discuss reasons to keep bank account records up-to-date.
- d. Discuss procedures used to maintain financial records.
- e. Demonstrate procedures used to maintain financial records.

**Activity:**

Access and print the worksheet titled *Balancing Your Checking Account* at [https://www.themint.org/pdf/activity\\_Balancing\\_Your\\_Checking\\_Account.pdf](https://www.themint.org/pdf/activity_Balancing_Your_Checking_Account.pdf)—one per student. Tell students to use the provided sample transactions to complete the checkbook register. Pair students up to compare their completed checkbook registers.

**Ethics Case for Students:**

On the due date of your monthly car insurance payment, you realize you don't have enough money in your account to pay for it. You'll have the necessary funds in a few days after you get paid, but you're worried about late fees.

You think about submitting a message through the company's website that claims you're having technical issues and aren't able to pay through the online payment portal. That's not true, but by the time you receive a response from someone, you'll probably have the money you need to pay. What should you do? (*Ethical Principles Involved: Trust, Accountability, Integrity*)

---

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**References:** [Lessons 3.3, 3.5d]  
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**Author:** Ryan, J.S., & Ryan, C.  
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**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
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**Author:** McMillin, D.  
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**Author:** Great Lakes  
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**Title:** Understanding a check and balancing a checkbook.  
**Author:** Mycreditunion.gov  
**URL:** <https://www.mycreditunion.gov/life-events/checking-credit-cards/checking/balancing-checkbook>  
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**FI:070 Balance a bank account**

Curriculum Planning Level: PQ

**Objectives:**

- a. Define the following terms: reconcile, bank statement, transaction, transaction fee, balance, and overdraft protection.
- b. Explain the components of a bank statement.
- c. Identify problems that may occur when bank statements are not reconciled.
- d. Discuss actions to take if a bank statement is incorrect.
- e. Explain procedures for balancing a bank account.
- f. Demonstrate how to balance a bank account.

**Activity:**

Access and review the Council for Economic Education's lesson *Using an Excel Checkbook* at <https://www.econedlink.org/resources/using-an-excel-checkbook>. The lesson consists of four steps (listed in the *Process* section of the page.)

**Ethics Case for Students:**

You recently purchased a new laptop for school with your debit card. When you receive your bank statement at the end of the month, you notice that the purchase is not listed on your statement and the money was never removed from your account. You are hesitant to inform your bank of the discrepancy, considering how much extra money you now have. It was the bank's mistake anyway, right? What should you do?

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**Author:** Next Gen Personal Finance  
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**FI:002 Explain the purposes and importance of credit**

**LAP:** LAP-FI-002 Give Credit Where Credit Is Due (Credit and Its Importance)

© **LAP:** 2023

**Curriculum Planning Level:** CS

**Objectives:**

- a. Define the term credit.
- b. Describe types of credit commonly extended to credit users (e.g., revolving credit, bank credit cards, consumer loans, etc.).
- c. Identify sources of credit.
- d. Explain costs associated with the use of credit (e.g., APR, late fees, service charges, etc.).
- e. Discuss the advantages and disadvantages of fixed- and adjustable-rate credit.
- f. Describe costs associated with the extension of credit.
- g. Explain reasons that businesses extend credit.
- h. Describe the types of benefits credit users may receive from the use of credit.
- i. Describe legislation affecting the extension of credit.

**Activity:**

Divide the class into groups of two or three students each, and instruct each group to access the Next Gen Personal Finance handout titled *Categorizing Credit*, found at <https://docs.google.com/document/d/1najungSSd5kAJSoxz3mJ8uSvexiKw4OhKXo0FWwy6Tc/edit>. Each group should review page one of the handout and then complete page two, which requires them to categorize different types of credit as installment or revolving; secured vs. unsecured; and variable vs. fixed rate. After students have completed the activity, lead the class in a discussion of the groups' findings.

**Ethics Case for Students:**

You are moving into your first apartment and need to buy furniture. However, you do not have enough money saved up to buy all the new furniture you need at once. You decide to ask the furniture store if you can open up an installment credit account to pay off your furniture over time instead of up front. The store owner is skeptical and wants absolute proof that you will be able to make your monthly payments. You know it will be a challenge to make your payments considering your other expenses and your salary, but you need furniture to make your apartment livable. What should you do? Should you overstate your confidence to the store owner so they give you credit? Or should you wait until you have more money saved up to purchase all of your furniture?



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**URL:** <https://www.econedlink.org/resources/credit-for-beginners>  
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**Author:** Corporate Finance Institute

**URL:** <https://www.youtube.com/watch?v=hdIN Yt5DYDw>

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**URL:** <https://www.nerdwallet.com/article/loans/personal-loans/secured-vs-unsecured-loans>

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**Title:** What are the advantages of a credit card?

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**URL:** <https://www.discover.com/credit-cards/card-smarts/what-are-the-advantages-of-credit-cards>

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**URL:** <https://www.investopedia.com/video/play/what-is-a-credit-score>

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**Author:** Cyprus, S.

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**Copyright:** 2022, August 20

**Accessed on:** 2022-09-20

**FI:782 Calculate the cost of credit**

Curriculum Planning Level: CS

**Objectives:**

- a. Define the following terms: annual percentage rate, periodic interest rate, average daily balance, and cost of credit.
- b. Explain how interest increases the cost of credit.
- c. Discuss reasons for calculating the cost of credit.
- d. Demonstrate techniques for calculating the cost of credit.

**Activity:**

Ask students to locate a picture of an expensive product that they could buy on credit (e.g., car, house, video game console, big-screen TV, cell phone, etc.). They should cut and paste the picture onto poster board or create a digital poster that features the image.

Then, they should locate the product at three different businesses. Ask them to determine the item's selling price, the annual percentage rate (APR) offered by the business or credit-card company, and the length of time it'd take to pay off the item if they made minimum monthly payments. Tell them to record their findings on the handout titled *What's the Cost?* found on page 4-49. Have students compare the total cost of the items to determine where they'd buy the item. Tell students to add their findings to their posters. Pair students up to discuss their findings.

**Ethics Case for Students:**

Your two best friends want to go to a big concert this summer, but they don't have enough money to cover the cost of tickets. They ask you to lend them money for the tickets so all three of you can go together, since they know you have quite a bit of money saved up. You do indeed have a good deal of savings, but you were hoping to use that money toward a new laptop.

You don't want to disappoint your friends, so you agree to lend them money for their tickets, but you ask that they each pay you back the cost of the tickets plus an additional 10% by the end of the summer. That way, you figure, you can all see the show together and you're able to put even more money toward the new laptop.

However, when you suggest this idea to your friends, they are offended. They argue that since you're all best friends, they shouldn't have to pay any extra on top of the loan amount. What do you think? Should you have made a different decision? (*Ethical Principles Involved: Fairness, Viability, Trust*)

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**Product:** \_\_\_\_\_

Product Provider	Selling Price	APR	Payment Period	Total Cost

**Product Provider Selected:** \_\_\_\_\_

1. How much money did you save by going with the product provider you selected rather than the *next* cheapest alternative?
  
2. How much money did you save by going with the product provider you selected rather than the most expensive alternative?
  
3. What aspects of credit should you check out before agreeing to buy on credit?

**FI:071 Demonstrate the wise use of credit**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Define the following terms: annual fee and late fee.
- b. Discuss reasons to use credit wisely.
- c. Describe possible consequences of using credit unwisely.
- d. Identify situations that result in credit-history problems.
- e. Discuss methods for selecting sources of credit.
- f. Explain techniques to use credit wisely (e.g., limiting the number of credit cards, paying off credit balances, paying more than monthly minimum balance, and avoiding cash advances) .
- g. Monitor credit reports.
- h. Demonstrate ways to use credit wisely.

**Activity:**

Have students conduct an online search to locate articles about individuals with high amounts of credit card debt. They should prepare an informative brochure for young adults describing the dangers of credit cards as well as ways to use credit wisely.

**Ethics Case for Students:**

You always pay off your credit card balance each month. However, you don't quite have enough to cover the balance this month after a particularly large purchase of new clothes for school.

You ask your parents to float you a little extra money to cover the balance this month because your purchases were for the upcoming school year, and they agree. However, when they send you the money, you realize that you could use it toward a new pair of shoes instead. In fact, you could just pay the minimum amount this month, buy the shoes, and then pay the remaining balance next month when you have more money from your part-time job. Your parents would never know.

What should you do? (*Ethical Principles Involved: Integrity, Accountability, Trust*)

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## FI:625 Apply for a consumer loan

**Curriculum Planning Level:** SP

**Objectives:**

- a. Explain factors that affect whether a person will be granted a loan (e.g., character, capacity, collateral).
- b. Discuss factors to consider in selecting a consumer loan to obtain.
- c. Describe how APR impacts choice of loans.
- d. Explain the role of cosigners when applying for a loan.
- e. Identify documentation that must be supplied when applying for a consumer loan.
- f. Identify information that must be provided on a consumer loan application.
- g. Demonstrate procedures for applying for a consumer loan.

**Activity:**

Tell students to conduct primary research to complete the handout *What's the Best Source?* found on page 4-56. After completing the handout, conduct a class discussion to have students share their findings. Where can a person get an inexpensive home loan? Car loan? Student loan? Personal loan?

**Ethics Case for Students:**

You're applying for a loan and the bank asks for a referral. You asked a coworker to write a letter for you, and they agreed, but they have not gotten back to you and the deadline is approaching. You know that a good referral letter would really help you secure your loan. You think about forging a letter speaking to your responsibility and financial literacy and signing it as your coworker. You know your coworker would support what you would say, and they're planning to write a letter anyway. Is this ethical?

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**Directions:** Contact each of the following financial institutions to determine the current annual percentage rate (APR) for each of their loans. After completing the table, answer the questions that follow it.

	Commercial Bank	Savings and Loan	Credit Union	Consumer Finance Company
<b>APR for a Mortgage</b>				
<b>APR for a Car Loan</b>				
<b>APR for a Student Loan</b>				
<b>APR for a Personal Loan</b>				

1. What are some other sources of mortgages? How do these sources' APR's compare to those on your chart?
2. What are other sources of car loans? Are their APR's higher or lower than those on your chart?
3. What are other sources of student loans? Are their APR's higher or lower than those on your chart?
4. Where are other sources of personal loans? Are the APR's higher or lower for these sources?

**FI:831 Discuss options for financing a college education****Curriculum Planning Level:** CS**Objectives:**

- a. Identify different types of higher education (e.g., college, university, non-profit, for-profit, public, private, 4-year institution, 2-year institution).
- b. Identify costs associated with attending a college/university.
- c. Discuss methods to save for a college education (e.g., 529 plans, mutual funds).
- d. Discuss aid sources for financing a college education (e.g., scholarships, grants, loans).
- e. Distinguish between scholarships and grants.
- f. Explain the role of financial aid in funding a college education.
- g. Discuss the federal student aid application and approval process.
- h. Describe the student loan repayment process

**Activity:**

For a comprehensive unit plan on financing a college education, use this resource from Next Gen Personal Finance: <https://www.ngpf.org/curriculum/paying-for-college/>

**Ethics Case for Students:**

For years, your family has saved up money to send you to college. The money in your 529 plan, plus scholarships and student loans, should be enough to cover your first year. However, as you've gotten closer to high school graduation, you've realized that college doesn't seem like the right path for you. You think you might like to enter the work force directly after graduation instead of pursuing a degree.

You don't know what to do—this decision will devastate your family, who has worked so hard to pay for your college education, but you really want to see what else is out there. What should you do? (*Ethical Principles Involved: Transparency, Fairness, Respect, Viability*)

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**FI:783 Make responsible financial decisions**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Discuss reasons for considering the consequences of financial decisions.
- b. Explain the importance of saving and investing regularly.
- c. Discuss the importance of reading and understanding financial terms and offers.
- d. Describe the benefits of comparison shopping.
- e. Describe the impact of impulse spending.
- f. Compare costs and benefits of buying vs. renting/leasing.
- g. Explain financial scams to avoid.
- h. Demonstrate how to make responsible financial decisions.

**Activity:**

Have students complete the handout *What to Do, What to Do* on page 4-63 that presents a series of scenarios and asks them to consider how to make a responsible financial decision in each situation. After students have completed the assignment, pair students up to discuss their answers. Ask them to also discuss the following:

- Do you and your partner have different ideas about what to do?
- Who's right?
- Who's wrong?
- Are you both right, although you would deal with a particular situation differently?

**Ethics Case for Students:**

One afternoon, you go shopping to find a birthday gift for your younger sibling. You really want to do something special for them this year, so you've saved up \$150 for their gift. However, while shopping, you spot a great sale for the jacket you've been eyeing for a while. You consider spending a bit of your savings on the jacket and then using the rest toward the birthday gift. After all, even after buying the jacket, you'll still have quite a bit left for a nice gift, and your sibling doesn't know how much you originally intended to spend anyways. What should you do? (*Ethical Principles Involved: Integrity, Fairness, Transparency*)



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**Author:** Sofia Financial  
**URL:** <https://sofiafinancial.com/make-wise-financial-decisions-following-three-steps>  
**Copyright:** 2022  
**Accessed on:** 2022-09-20

**Title:** PwC's 2 minutes on financial decisions. [Video].  
**Author:** PwC US  
**URL:** <https://www.youtube.com/watch?v=JSXWbiWTKLM>  
**Copyright:** 2016, October 18  
**Accessed on:** 2022-09-20

**Title:** Should I rent or buy? Pros & cons of both scenarios.  
**Author:** Ostrowski, J.  
**URL:** <https://www.moneygeek.com/mortgage/resources/rent-vs-buy-guide>  
**Copyright:** 2022, April 12  
**Accessed on:** 2022-09-20

**Title:** The basics of financial responsibility.  
**Author:** Smith, L.  
**URL:** <https://www.investopedia.com/articles/pf/09/financial-responsibility.asp>  
**Copyright:** 2021, August 15  
**Accessed on:** 2022-09-20

**Title:** This financial goals worksheet will keep you on track: Planning makes it happen.  
**Author:** Huffstetler, E.  
**URL:** <https://www.liveabout.com/how-to-set-financial-goals-1388522>  
**Copyright:** 2019, January 21  
**Accessed on:** 2022-09-20

**Title:** What is comparison shopping?  
**Author:** My Accounting Course  
**URL:** <https://www.myaccountingcourse.com/accounting-dictionary/comparison-shopping>  
**Copyright:** 2022  
**Accessed on:** 2022-09-20

**Title:** Why we make bad financial choices -- Even when we know better | Your money and your mind. [Video].

**Author:** TED

**URL:** <https://www.youtube.com/watch?v=caGlzR9F2zl>

**Copyright:** 2021, February 2

**Accessed on:** 2022-09-20

**Directions:** Read each of the following scenarios. Then, in the space provided, write a paragraph describing what you would do to make a responsible financial decision in each of the situations.

1. As a graduation gift, your grandparents gave you \$5000 to purchase a car. While your grandparents were very generous with their money, they told you that they expect you to make very good use of what they gave you. That means that you need to locate the very best quality automobile available, at the *most reasonable price* available. What would you do to make sure that you make a responsible financial decision in this situation?
  
2. For the past three years, you have earned money here and there on the side by mowing grass, raking leaves, planting flowers, shoveling snow, and doing other tasks for your neighbors. Thanks to referrals from these neighbors, though, your side job has grown into quite a lucrative business. You now earn an average of about \$750 per month in the summer and \$200 per month in the winter. What should you do with the money that you have earned?
  
3. Up until a few days ago, you used your brother's hand-me-down laptop for homework and surfing the web. Unfortunately, the computer crashed on Sunday night, and you haven't been able to get it to function properly since. What should you do now—have it repaired, lease a new computer, or buy one? How would you go about deciding what the most financially responsible choice would be?

**FI:565 Pay bills****Curriculum Planning Level:** CS**Objectives:**

- a. Identify frequently paid bills.
- b. Explain information usually found on bills.
- c. Discuss the importance of verifying charges identified on billing statements.
- d. Describe methods to contest incorrect bills.
- e. Describe ways that bills can be paid (e.g., manually, electronically, direct withdrawal, etc.).
- f. Discuss the impact of failing to pay bills on time.
- g. Demonstrate procedures for paying bills.

**Activity:**

Have students access the City of Minneapolis, Minnesota website [http://www.minneapolismn.gov/utilitybilling/utility-billing\\_sample-bill](http://www.minneapolismn.gov/utilitybilling/utility-billing_sample-bill) to view a sample utility bill. Tell students to use the sample utility bill to complete the handout *Meeting Your Obligations* found on page 4-67. An answer guide is provided on page 4-68.

After students complete the handout individually, pair them up with a partner to develop a list of bills that they currently pay. If they are lucky enough not to pay any bills right now, then have them generate a list of bills that they will potentially be required to pay after graduating from high school. Tell them to conduct research to determine how much these bills typically run in their area, and record this information on their list. Lastly, have them write down how they would pay each bill—manually, electronically, direct withdrawal, etc. Ask them to submit their *Meeting Your Obligations* handout and list of bills to you.

**Ethics Case for Students:**

You had a slow month at your job as a restaurant server, so you're running low on cash. You have to pay your phone bill, but you don't have enough money in your savings account to cover it. When you are notified via email that your bill is available to view and pay, you think about deleting the email and telling the phone company that you never received a message. This will at least buy you some time so you can save up enough to cover the payment. You tell yourself that this company won't suffer if you put off your payment for a few weeks. Is this ethical?

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**Title:** Investigating your career (3rd ed.)  
**Author:** Jordan, A., & Crews, T.B.  
**References:** Lesson 7  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2019

**Title:** Personal financial literacy (3rd ed.)  
**Author:** Ryan, J.S., & Ryan, C.  
**References:** [Lessons 5.1c, 8.2b, 8.3b, 9.1b]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2017

**Title:** PFIN (7th ed.)  
**Author:** Billingsley, R., Gitman, L.J., & Joehnk, M.D.  
**References:** Lessons 2, 4, 6  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2020

**Title:** Personal finance (13th ed.)  
**Author:** Garman, E.T., & Forgue, R.E.  
**References:** [Lessons 5.2a, 8.4]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2018

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**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
**References:** [Lesson 6-3d]  
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**Author:** Irby, L.  
**URL:** <https://www.thebalancemoney.com/denied-credit-card-application-960247>  
**Copyright:** 2022, March 18  
**Accessed on:** 2022-09-21

**Title:** Bill payment checklist | How to keep track of your bills | Home management series. [Video].  
**Author:** Bright Living  
**URL:** <https://www.youtube.com/watch?v=yI8OlcXxVE8&>  
**Copyright:** 2017, July 20  
**Accessed on:** 2022-09-21

**Title:** Best online bill payment services.  
**Author:** Elmlad, S.  
**URL:** <https://www.thebalancemoney.com/best-online-bill-paying-software-and-services-1293908>  
**Copyright:** 2022, March 15  
**Accessed on:** 2022-09-21

**Title:** How to create a successful budget.  
**Author:** Morris, G.  
**URL:** <https://www.incharge.org/financial-literacy/budgeting-saving/how-to-make-a-budget>  
**Copyright:** 2022, April 15  
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**Title:** How to keep track of bills.  
**Author:** Richards-Gustafson, F.  
**URL:** <https://pocketsense.com/keep-track-bills-6533466.html>  
**Copyright:** 2017, July 27  
**Accessed on:** 2022-09-21

**Title:** How to pay your bills on time. [Video].  
**Author:** WalletHub  
**URL:** <https://www.youtube.com/watch?v=-F8Vrz0jIrs>  
**Copyright:** 2018, November 19  
**Accessed on:** 2022-09-21

**Title:** Reading your bill.  
**Author:** Duke Energy  
**URL:** <https://www.duke-energy.com/home/billing/reading-your-bill>  
**Copyright:** n.d.  
**Accessed on:** 2022-09-21

**Title:** What if I stopped paying bills?  
**Author:** Brain, M. & Neer, K.  
**URL:** <https://money.howstuffworks.com/stoppe-d-paying-bills.htm>  
**Copyright:** 2022  
**Accessed on:** 2022-09-21

**Title:** When you can't pay your bills: Things to know.  
**Author:** Loftsgordon, A.  
**URL:** <https://www.nolo.com/legal-encyclopedia/trouble-paying-bills-debts-tips-32215.html>  
**Copyright:** 2022  
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**Title:** How to manage your bills: A step-by-step guide.  
**Author:** Bank of America Corporation  
**URL:** <https://bettermoneyhabits.bankofamerica.com/en/saving-budgeting/how-to-manage-bills>  
**Copyright:** 2022  
**Accessed on:** 2022-09-21

**Title:** List of typical household expenses.  
**Author:** Lohrey, J.  
**URL:** <https://www.sapling.com/7736298/list-typical-household-expenses>  
**Copyright:** n.d.  
**Accessed on:** 2022-09-21

**Title:** Week #18 organized home challenge: How to organize bills.  
**Author:** Home Storage Solutions  
**URL:** <https://www.home-storage-solutions-101.com/organize-bills.html>  
**Copyright:** 2011-2022  
**Accessed on:** 2022-09-21

**Title:** What is online bill pay?  
**Author:** Pritchard, J.  
**URL:** <https://www.thebalancemoney.com/how-do-i-set-up-online-bill-pay-315159>  
**Copyright:** 2021, December 18  
**Accessed on:** 2022-09-21

**Directions:** Access the City of Minneapolis, Minnesota's website at [http://www.minneapolismn.gov/utilitybilling/utility-billing\\_sample-bill](http://www.minneapolismn.gov/utilitybilling/utility-billing_sample-bill) to view a sample utility bill. Use the sample utility bill to answer the following questions.

1. What is Joseph Smith's account number?
2. How many units of water did Joe Smith use?
3. What is the cost of one unit of sewer?
4. What type of fee is the most expensive on the statement?
5. What is the current charge?
6. What is the total amount due?
7. What is the payment due date?
8. How is Joseph Smith paying his bill?



1. What is Joseph Smith's account number?

**123-4567.300**

2. How many units of water did Joe Smith use?

**3 units of water**

3. What is the cost of one unit of sewer?

**\$3.21**

4. What type of fee is the most expensive on the statement?

**Solid Waste Base Fee**

5. What is the current charge?

**\$69.53**

6. What is the total amount due?

**\$69.53**

7. What is the payment due date?

**July 10, 2015**

8. How is Joseph Smith paying his bill?

**Via an automated credit card payment**

**FI:560 Write checks****Curriculum Planning Level:** PQ**Objectives:**

- a. Explain the information that must be provided on checks.
- b. Describe how to fill out checks correctly.
- c. Discuss the importance of legibility in filling out checks.
- d. Discuss how to place a stop payment on checks.
- e. Describe how to endorse checks.
- f. Demonstrate procedures for writing checks.

**Activity:**

Using the practice checks and the sample deposit/withdrawal slips at [https://www.educationworld.com/a\\_lesson/worksheets/TCM/pdfs/010810im-download.pdf](https://www.educationworld.com/a_lesson/worksheets/TCM/pdfs/010810im-download.pdf), have students prepare checks and deposit/withdrawal slips for the nine transactions described on the handout *The Ins and Outs of Bank Account Documents* found on page 4-72. Ask students to submit their completed checks and deposit/withdrawal slips to you. An answer guide is provided on pages 4-73–4-75.

**Ethics Case for Students:**

Cody is in the process of opening a small business. After months of preparation, his business is ready to open in a few days. However, he still has to pay back the lending company for the several loans he took out to fund his startup costs. He has a loan payment due today, but he lacks the money to pay it back. In addition, any late payments will incur a penalty. He knows he will have the funds once his store opens, so he just needs to buy himself a little bit of time.

Cody decides to incorrectly fill out a check by writing in illegible handwriting. Since this is the first check he has written to the company, he is hoping they will simply ask for a new check rather than penalize him.

The plan works—the check is rejected but they give him a short grace period to write a new one. By that time, Cody has accrued the necessary amount and pays the loan. Is this ethical behavior from Cody? While he did make the loan payment, was his slight deception a violation of his agreement with the lending company? (*Ethical Principles Involved: Integrity, Transparency, Accountability, Rule of Law*)

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**Author:** Garman, E.T., & Fogue, R.E.  
**References:** [Lesson 5.2a]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2018

**Title:** Personal financial planning (14th ed.)  
**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
**References:** [Lesson 4-4a]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2017

**Title:** Using financial accounting  
**Author:** Warren, C.S., Jones, J.P., & Farmer, A.G.  
**References:** (pp. 204-207)  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2022

**Title:** Personal financial literacy (3rd ed.)  
**Author:** Ryan, J.S., & Ryan, C.  
**References:** [Lesson 5.1c]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2017

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**References:** [p. 97]  
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**Author:** Immihelp  
**URL:** <https://www.immihelp.com/writing-a-check-tips>  
**Copyright:** n.d.  
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**Title:** How to fill out a deposit slip. [Video].  
**Author:** Consumer Science Channel  
**URL:** <https://www.youtube.com/watch?v=qe0fecQ8HQg>  
**Copyright:** 2015, November 8  
**Accessed on:** 2022-05-17

**Title:** Checking accounts and alternative banking methods.  
**Author:** TD Bank  
**URL:** <https://www.tdbank.com/wowzone/lesson/Gr2-3Lesson3.pdf>  
**Copyright:** n.d.  
**Accessed on:** 2022-09-21

**Title:** How to write a check (Plus some fun facts about check writing). [Video].  
**Author:** The Penny Hoarder  
**URL:** <https://www.youtube.com/watch?v=pCFGaEKD6xE>  
**Copyright:** 2019, September 12  
**Accessed on:** 2022-05-17

**Title:** How to write a check – A step-by-step explanation.

**Author:** Pritchard, J.

**URL:** <https://www.thebalance.com/how-to-write-a-check-4019395>

**Copyright:** 2022, January 28

**Accessed on:** 2022-05-17

**Title:** How to write a check—Why no one knows how to anymore.

**Author:** Sisolak, P.

**URL:** <https://money.usnews.com/banking/articles/why-no-one-knows-how-to-write-a-check-anymore>

**Copyright:** 2021, August 31

**Accessed on:** 2022-05-17

**Title:** Practitioner resources.

**Author:** Wells Fargo Bank

**URL:** <https://handsonbanking.org/practitioner>

**Copyright:** 2022

**Accessed on:** 2022-05-17

**Title:** Stop payment.

**Author:** Kagan, J.

**URL:** <https://www.investopedia.com/terms/s/stop-payment.asp>

**Copyright:** 2020, May 31

**Accessed on:** 2022-09-21

**Directions:** Access the financial literacy websites


<http://www.moneyinstructor.com/wsp/printchecks.asp#WORKSHEET> and

[http://www.econedlink.org/lessons/docs\\_lessons/358\\_check\\_deposit1.pdf](http://www.econedlink.org/lessons/docs_lessons/358_check_deposit1.pdf) to print two pages of practice checks and one page of deposit/withdrawal slips. Use the templates to prepare checks and deposit/withdrawal slips for the following transactions.

1. On October 14, 20XX, you write a check for \$39.95 to AT&T for your cell phone bill.
2. On October 17, 20XX, you write a check for \$68.34 to Aéropostale for new clothes.
3. On October 17, 20XX, you deposit two checks into your bank account. One check is from your employer, T.G.I. Friday's, for \$212.38, and the other is from your aunt, Dixie Sweet, for \$17.00.
4. On October 21, 20XX, you write a check for \$45.22 to Best Buy for new DVDs.
5. On October 22, 20XX, you write a check for \$65.46 to American Family Insurance for your monthly car insurance payment.
6. On October 23, 20XX, you deposit \$87.21 in cash into your bank account. Your cash consists of two twenty-dollar bills, six five-dollar bills, eight one-dollar bills, and \$9.21 in change.
7. On October 24, 20XX, you write a check for \$15.00 to your school for Spanish Club dues.
8. On October 28, 20XX, you write a check for \$20.00 to your best friend to pay them back for the money that they lent you.
9. On October 31, 20XX, you deposit another check from your employer. The check amount is \$198.89, but you withdraw \$20.00 from your account at the same time that you deposit your paycheck.

Name \_\_\_\_\_ Money Instructor  Date \_\_\_\_\_

**Checks**

DATE <u>Oct. 14, 20XX</u>	101
PAY TO THE ORDER OF <u>AT&amp;T</u> \$ <u>39.95</u> <u>Thirty - nine and</u> _____ <u>95</u> / <u>100</u> DOLLARS	
 <b>MoneyInstructor.com Bank</b> 1221 Main Street Anywhere, US 10001	
FOR <u>Cell Phone Bill</u> _____ <u>Your Name</u> _____	
⑆43618071⑆    7279678402⑆    0101⑆	

DATE <u>Oct. 17, 20XX</u>	102
PAY TO THE ORDER OF <u>Aéropostale</u> \$ <u>68.34</u> <u>Sixty - eight and</u> _____ <u>34</u> / <u>100</u> DOLLARS	
 <b>MoneyInstructor.com Bank</b> 1221 Main Street Anywhere, US 10001	
FOR <u>Clothes</u> _____ <u>Your Name</u> _____	
⑆43618071⑆    7279678402⑆    0102⑆	

DATE <u>Oct. 21, 20XX</u>	103
PAY TO THE ORDER OF <u>Best Buy</u> \$ <u>45.22</u> <u>Forty - five and</u> _____ <u>22</u> / <u>100</u> DOLLARS	
 <b>MoneyInstructor.com Bank</b> 1221 Main Street Anywhere, US 10001	
FOR <u>DVDs</u> _____ <u>Your Name</u> _____	
⑆43618071⑆    7279678402⑆    0103⑆	

Name \_\_\_\_\_ Date \_\_\_\_\_

**Money Instructor**  
**Checks**

DATE Oct. 22, 20XX 101

PAY TO THE ORDER OF American Family Insurance \$ 65.46  
Sixty-five and 46/100 DOLLARS


 **MoneyInstructor.com Bank**  
 1221 Main Street  
 Anywhere, US 10001

FOR Car Insurance Your Name

⑆43618071⑆ 7279678402⑈ 0101⑈

DATE Oct. 24, 20XX 102

PAY TO THE ORDER OF Your School \$ 15.00  
Fifteen and 00/100 DOLLARS

 **MoneyInstructor.com Bank**  
 1221 Main Street  
 Anywhere, US 10001

FOR Spanish Club Dues Your Name

⑆43618071⑆ 7279678402⑈ 0102⑈

DATE Oct. 28, 20XX 103

PAY TO THE ORDER OF Your Best Friend \$ 20.00  
Twenty and 00/100 DOLLARS

 **MoneyInstructor.com Bank**  
 1221 Main Street  
 Anywhere, US 10001

FOR Payback! Your Name

⑆43618071⑆ 7279678402⑈ 0103⑈

Flash Barnes 1 Cool Bank Ave. Hometown, State 12345						
Date: <u>Oct. 17, 20XX</u>		List Checks Singly				
Sign if you receive cash from the deposit						
<b>NCEE BANK</b> Member FDIC Main Office 1140 Avenue of the Americas New York, NY 10036						
⑈01234⑈ ⑈1234567 ⑈012 0 012345⑈						
		Currency				
		Coins				
		C H E C K S	T.G.I. Friday's	212.38		
			Dixie Sweet	17.00		
		Sub-Total	229.38			
		Less Cash Received				
		Total Deposit	229.38			

Flash Barnes 1 Cool Bank Ave. Hometown, State 12345					
Date: <u>Oct. 23, 20XX</u>		List Checks Singly			
Sign if you receive cash from the deposit					
<b>NCEE BANK</b> Member FDIC Main Office 1140 Avenue of the Americas New York, NY 10036					
⑈01234⑈ ⑈1234567 ⑈012 0 012345⑈					
		Currency	78.08		
		Coins	9.21		
		C H E C K S			
		Sub-Total	87.21		
		Less Cash Received			
		Total Deposit	87.21		

Flash Barnes 1 Cool Bank Ave. Hometown, State 12345						
Date: <u>Oct. 31, 20XX</u>		List Checks Singly				
Sign if you receive cash from the deposit						
<i>Flash Barnes</i> Sign if you receive cash from the deposit						
<b>NCEE BANK</b> Member FDIC Main Office 1140 Avenue of the Americas New York, NY 10036						
⑈01234⑈ ⑈1234567 ⑈012 0 012345⑈						
		Currency				
		Coins				
		C H E C K S	T.G.I. Friday's	198.89		
		Sub-Total	198.89			
		Less Cash Received	20.00			
		Total Deposit	178.89			



**FI:067 Explain the nature of tax liabilities**

**Curriculum Planning Level:** PQ

**Objectives:**

- a. Define the term tax liability.
- b. Describe types of taxes (e.g., income, sales, property, excise, etc.).
- c. Identify levels of government that collect taxes (i.e., federal, state, local).
- d. Explain the purpose of taxes.
- e. Discuss who is required to pay taxes.

**Activity:**

Tell students they need to collect receipts from several recent purchases. If they do not have physical receipts, they can look through their online bank account or mobile banking app. They should use the receipts to determine how much tax they paid on the items they purchased. Have them conduct online research to find out how the monies are used in their community, in their state, and in the nation. Pair students up to discuss their findings.

**Ethics Case for Students:**

The Internal Revenue Service (IRS), which is responsible for collecting U.S. federal taxes, has increasingly relied on correspondence audits to ensure compliance with tax law. However, these types of audits—which are conducted via mail and therefore easier and cheaper than costlier face-to-face alternatives—are frequently used with low-income earners. Is this fair? While the IRS may have challenges due to reduced funding over the years, is it ethical for the current system to use limited resources in this way? What do you think? (*Ethical Principles Involved: Rule of Law, Fairness, Accountability*)

---

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**Title:** Personal finance (13th ed.)  
**Author:** Garman, E.T., & Forgue, R.E.  
**References:** [Lesson 4.1a]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2018

**Title:** Personal financial literacy (3rd ed.)  
**Author:** Ryan, J.S., & Ryan, C.  
**References:** [Lessons 2.2b, 2.2c, 2.3a]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2017

**Title:** Personal financial planning (14th ed.)  
**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
**References:** [Lessons 3-1, 3-1a, 15-5]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2017

**Title:** PFIN (7th ed.)  
**Author:** Billingsley, R., Gitman, L.J., & Joehnk, M.D.  
**References:** [pp. 57, 420-422]  
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**Author:** Merritt, C.  
**URL:** <https://smallbusiness.chron.com/example-sales-tax-67794.html>  
**Copyright:** n.d.  
**Accessed on:** 2022-09-21

**Title:** Gross income.  
**Author:** Kenton, W.  
**URL:** <https://www.investopedia.com/terms/g/grossincome.asp>  
**Copyright:** 2020-01-07  
**Accessed on:** 2022-09-21

**Title:** How are federal taxes spent?  
**Author:** TurboTax.  
**URL:** <https://turbotax.intuit.com/tax-tips/general/how-are-federal-taxes-spent/L6kinGuUt>  
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**Author:** Murray, J.  
**URL:** <http://biztaxlaw.about.com/od/glossary/g/excisetax.htm>  
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**Accessed on:** 2022-09-21

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**Author:** Uhlig, D.K.  
**URL:** <http://smallbusiness.chron.com/six-types-taxes-people-businesses-must-pay-18773.html>  
**Copyright:** 2016, October 26  
**Accessed on:** 2022-09-21

**Title:** Tax basics: A beginner's guide to taxes.  
**Author:** FindLaw  
**URL:** <http://tax.findlaw.com/federal-taxes/tax-basics-a-beginners-guide-to-taxes.html>  
**Copyright:** 2019  
**Accessed on:** 2022-09-21

**Title:** Tax liability.  
**Author:** Kagan, J.  
**URL:** <http://www.investopedia.com/terms/t/taxliability.asp>  
**Copyright:** 2018, May 16  
**Accessed on:** 2022-09-21

**Title:** Taxes definition.  
**Author:** Kagan, J.  
**URL:** <http://www.investopedia.com/walkthrough/corporate-finance/2/taxes/types-taxes.aspx>  
**Copyright:** 2018, June 29  
**Accessed on:** 2022-09-21

**Title:** Taxes.

**Author:** AmosWEB

**URL:** [http://www.amosweb.com/cgi-bin/awb\\_nav.pl?s=wpd&c=dsp&k=taxes](http://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=taxes)

**Copyright:** 2000-2019

**Accessed on:** 2022-09-21

**Title:** Where does the money come from?

**Author:** Council for Economic Education

**URL:** <https://www.econedlink.org/resources/where-does-the-money-come-from>

**Copyright:** 2016, April 28

**Accessed on:** 2022-09-21

**Title:** Types of taxes in the United States. [Video].

**Author:** Florida PASS Program

**URL:** <https://www.youtube.com/watch?v=rDWOpCJdtgQ>

**Copyright:** 2018, July 30

**Accessed on:** 2022-09-21

**Title:** Why do taxes exist?

**Author:** Heath, J.

**URL:** <https://www.econedlink.org/resources/why-do-taxes-exist>

**Copyright:** 2022, January 24

**Accessed on:** 2022-09-21

**FI:074 Prepare personal income tax forms****Curriculum Planning Level:** CS**Objectives:**

- a. Define the terms adjusted gross income, 1040 tax form, taxable income, exemptions, and deductions.
- b. Identify criteria for filing personal income tax forms.
- c. Describe the information contained on a W-2 form.
- d. Explain an employer's responsibility for providing employees with W-2 forms.
- e. Identify forms of income that must be reported on personal income tax forms.
- f. Demonstrate procedures for preparing a personal income tax form.

**Activity:**

Use the following lesson plan from EconEdLink to teach students about preparing income tax forms: <https://www.econedlink.org/resources/preparing-a-1040ez-income-tax-form/>.

**Ethics Case for Students:**

Every year, millions of Americans across the country prepare and file their personal tax returns. For many people, filing taxes is a complicated and confusing process—they don't know how much money they might owe, and they stand to face serious consequences if they accidentally misreport—so they choose to use a third-party service, like TurboTax, to help them submit their taxes. In return, these companies charge a fee. Is it ethical for companies like TurboTax to charge for their services, even though people are simply trying to comply with the law? Would it be more fair to adjust the tax return system overall so it is easier and less confusing? What do you think? (*Ethical Principles Involved: Rule of Law, Fairness, Transparency*)

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**Author:** Garman, E.T., & Forgue, R.E.  
**References:** [Lesson 4.2]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2018

**Title:** Personal financial literacy (3rd ed.)  
**Author:** Ryan, J.S., & Ryan, C.  
**References:** [Lesson 2.3b]  
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**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
**References:** [Lessons 3-3, 3-4d]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**Title:** PFIN (7th ed.)  
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**URL:** <https://www.youtube.com/watch?v=ATc4xeHxusE>  
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**Accessed on:** 2022-09-21

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**Author:** Sanson, J. & Smith, M.  
**URL:** <https://www.econedlink.org/resources/exploring-taxes>  
**Copyright:** 2022, January 24  
**Accessed on:** 2022-09-21

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**Author:** Kagan, J.  
**URL:** <https://www.investopedia.com/terms/w/w2form.asp>  
**Copyright:** 2020, May 8  
**Accessed on:** 2022-09-21

**Title:** Forms and publications.  
**Author:** Internal Revenue Service.  
**URL:** <https://apps.irs.gov/app/picklist/list/formsPublications.html>  
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**Title:** How to fill out IRS Form 1040 for 2018. [Video].  
**Author:** PdfTax  
**URL:** <https://www.youtube.com/watch?v=xwUoUKiuwks>  
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**Author:** Sasser, S. & Schnitzer, K.  
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**Author:** Council for Economic Education  
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**Title:** The ultimate guide to filing your taxes.

**Author:** Perez, W., & Berry-Johnson, J.

**URL:** <https://www.thebalance.com/how-to-file-a-tax-return-4147226>

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**Copyright:** 2019, July 17

**Accessed on:** 2022-09-21

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**FI:063 Explain legal responsibilities associated with consumer financial products and services**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Describe how consumers and financial institutions benefit from financial exchanges (i.e., both are legally protected at the time of the financial exchange as a result of the terms of the financial agreement).
- b. Explain legal responsibilities of borrowers and lenders in financial exchanges.
- c. Explain legal responsibilities of investors and brokers in financial exchanges.
- d. Identify regulations of consumer financial products and services (e.g., Truth in Lending Act, Federal Fair Debt Collection Practices Act, Equal Credit Opportunity Act).
- e. Identify agencies that regulate consumer financial products and services (e.g., FDIC, SEC, CFPB, NCUA).
- f. Describe legal responsibilities associated with electronic financial products and services.

**Activity:**

Divide the class into groups of three or four students. Have each group develop a public service announcement (PSA) that either reminds people of their legal responsibilities' when applying and using credit or informs people of lenders' responsibilities when extending credit to borrowers. Hang the groups' work in the room and conduct a gallery walk to allow students to examine their classmates' work. Have individual students vote (using stickers, show of hands, etc.) for the most accurate PSA as well as the most creative PSA.

**Ethics Case for Students:**

While applying for a private student loan, you are asked to disclose your annual income. You don't make much money at your part-time job, so you really need this loan to pay for your college tuition next year. You consider exaggerating your annual income, figuring that it might help you get a lower interest rate on the loan. You simply can't afford to pay high interest rates on top of the cost of school. As long as you pay all of the money back it doesn't matter, right? What do you think?

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**Author:** Basteri, C.G., Clark, B., Gassen, C., & Walker, M.  
**References:** (pp. 377-378)  
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**Copyright:** 2014

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**Author:** Ryan, J.S., & Ryan, C.  
**References:** [Lessons 3.4, 9.3]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**Author:** Garman, E.T., & Forgue, R.E.  
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**URL:** <https://legal-dictionary.thefreedictionary.com/good+faith>

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**Author:** Kenton, W.

**URL:** <https://www.investopedia.com/terms/t/tila.asp>

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## FI:072 Validate credit history

Curriculum Planning Level: CS

### Objectives:

- a. Define the terms credit report, credit score/rating, and credit reporting agency.
- b. Explain reasons to check one's credit history.
- c. Discuss methods for obtaining one's credit history.
- d. Explain information included in a credit report.
- e. Discuss techniques used to validate one's credit history.
- f. Describe techniques for disputing information found in a credit report.
- g. Demonstrate methods to validate a personal credit history.

### Activity:

Divide the class into groups of three or four students each, and explain to students that each group is responsible for creating its own 30-second video that answers the question "Why should I care about my credit score?"

Host a viewing party for the class, and invite administrators and/or members of your advisory committee to attend. Together with these guests and the students, watch each group's video, and ask your special guests to select the video that best explains why high school students should care about their credit score. If possible, arrange for the winning video to be shown to the entire school (during school announcements, news, etc.).

### Ethics Case for Students:

You are about to buy a new car, but first, the dealership has requested a credit report. When you go online to find your credit score, you notice that your credit score has significantly increased since the last time you checked. This doesn't seem right to you; you haven't made any major life changes that would have affected your credit score either way. You suspect there might be an error in your credit report – one that has made your credit rating higher than it should be! This might help you get a better loan for your car. However, it does not adequately reflect your credit history. What should you do? Should you report the error, or should you use the credit report as is?

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**URL:** <https://www.investopedia.com/terms/c/cr-editreport.asp>

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**Author:** Federal Trade Commission.

**URL:** <https://consumer.ftc.gov/articles/disputing-errors-your-credit-reports>

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**Author:** FINRA

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**Author:** Experian

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**FI:073 Protect against identity theft**

Curriculum Planning Level: CS

**Objectives:**

- a. Define the following terms: identity theft, phishing.
- b. Explain the importance of guarding against identity theft.
- c. Identify ways in which one's identity may be stolen.
- d. Describe problems that may occur if a person becomes the victim of identity theft.
- e. Explain what an individual should do if they fall victim to identity theft.
- f. Discuss methods to protect against identity theft.
- g. Demonstrate methods to protect against identity theft.

**Activity:**

Have students conduct an internet search to obtain articles about methods of identity theft. They should prepare an informative poster that explains at least five popular identity theft scams and what a person can do to avoid having their identity stolen. Display the posters in a prominent location in the classroom or school.

OR

Instruct students to complete the *Can You Spot When You're Being Phished?* quiz at <https://phishingquiz.withgoogle.com/>. After they have completed the quiz, ask students how they did on the quiz. Which instances of phishing were most difficult for them to spot? What clues do they need to watch for in the future so that they don't become victims of phishing?

**Ethical Case for Students:**

After eating at a restaurant recently, you left your credit card on the table. You cancel the card and order a new one, but not before someone is able to steal your identity and commit credit card fraud. You feel that the restaurant should be liable for the damages they caused by exposing you to credit card fraud. The restaurant argues that you are responsible because you left your card behind. What do you think? Is the restaurant ethically responsible to compensate for your experience with identity theft?

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**References:** [p. 166]  
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**URL:** <https://www.creditkarma.com/credit-cards/i/dispute-error-credit-report>  
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**URL:** <https://www.comparitech.com/identity-theft-protection/how-to-protect-yourself-from-identity-theft>  
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**Author:** Privacy Rights Clearinghouse  
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**URL:** [https://www.practicalmoneyskills.com/learn/identity\\_theft](https://www.practicalmoneyskills.com/learn/identity_theft)  
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**FI:568 Control debt**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Define the terms insolvent, total debt, total assets, bankruptcy, debt consolidation, secured debt, unsecured debt, forbearance, foreclosure, and bankruptcy.
- b. Identify causes of excessive debt.
- c. Explain how contacting creditors can help when excessive debt occurs.
- d. Discuss options that delinquent borrowers can use to control debt (e.g., repayment plan, forbearance, loan modification, etc.).
- e. Discuss actions creditors can take when individuals fail to pay their loans (e.g., use of debt collectors, garnishment, repossession, foreclosure)
- f. Identify warning signs of debt crisis.
- g. Explain the nature of bankruptcy.
- h. Discuss the impact of bankruptcy (e.g., on credit reports, future credit acquisition, employment, etc.).
- i. Demonstrate ways to control debt.

**Activity:**

Divide the class into small groups of three or four students each. Explain that they are to develop a short presentation on how to avoid excessive debt. Encourage the groups to be creative, but tell them to be sure to include these parts:

1. What might cause a person to have excessive debt?
2. What actions will creditors take when a person doesn't pay their loans?
3. What options does a delinquent borrower have for getting their debt under control? (Be sure to discuss repayment plans, forbearance, and loan modifications.)
4. What is bankruptcy? How does filing for bankruptcy impact a person's future?
5. Lesson to learn: How can a person avoid excessive debt in the first place?

Have each group share its presentation with the class.

**Ethics Case for Students:**

While it comes with serious consequences, declaring bankruptcy is considered a "fresh start" by many people, as it helps relieve you of your debt obligations. Declaring bankruptcy is a well-established legal process—but is it ethical? Are people held accountable for their choices after declaring bankruptcy? What role does fairness play in this debt-control option? (*Ethical Principles Involved: Fairness, Accountability, Rule of Law*)

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**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**URL:** <https://www.youtube.com/watch?v=potowtgS5o>  
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**FI:081 Describe the concept of insurance**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Define the following terms: insurance, premium, deductible, coverage, and liability.
- b. Discuss the relationship between risk and insurance.
- c. Explain the purpose of insurance.
- d. Identify common types of insurance (e.g., property, liability, health, disability, life).
- e. Describe insurance needs at different stages in life.
- f. Discuss the consequences of not having insurance or being underinsured.
- g. Explain how insurance works.

**Activity:**

Pair students with a partner to create a list of 10-15 possible “disasters” (e.g., car accident, illness, etc.) that could occur in their lives. Tell them to identify potential consequences of each of these disasters and to determine and record what type(s) of insurance would help them prepare for each of these disasters. Have students share their findings with the class and participate in a class discussion of the following questions: How or why could insurance help you? Are there instances in which insurance would not help? What types of insurance do you currently have? What insurance do you believe you should acquire in the future?

**Ethics Case for Students:**

You are a part-time employee whose company does not offer health insurance coverage. You know that legally, you are supposed to purchase your own health insurance, but the costs are high. You rarely get sick or injured, so you do not believe you need insurance. You would rather pay the penalty fee, which is much lower than the cost of insurance. If you decide not to purchase health insurance, what would be the ethical implications for others in the health care system?

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**Author:** Basteri, C.G., Clark, B., Gassen, C., & Walker, M.  
**References:** (pp. 680, 688-689)  
**Publisher:** Tinley Park, IL: Goodheart-Willcox.  
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**Author:** Garman, E.T., & Forgue, R.E.  
**References:** [Lesson 10.2]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2018

**Title:** Personal financial planning (14th ed.)  
**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
**References:** [Lesson 8-1]  
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**Title:** PFIN (7th ed.)  
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**URL:** [https://docs.google.com/document/d/1XW\\_s4scnu8m55Jy9CIXct5D1fHFOTibky-cof5KrPOmg/edit#](https://docs.google.com/document/d/1XW_s4scnu8m55Jy9CIXct5D1fHFOTibky-cof5KrPOmg/edit#)  
**Copyright:** 2022, September 5  
**Accessed on:** 2022-09-23

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**Author:** Ontario Securities Commission  
**URL:** <https://www.getsmarteraboutmoney.ca/pl-an-manage/planning-basics/personal-insurance/5-types-of-personal-insurance>  
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**Author:** Council for Economic Education  
**URL:** <https://www.econedlink.org/resources/break-a-leg>  
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**Author:** Council for Economic Education  
**URL:** <https://www.econedlink.org/resources/financial-management-insurance>  
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**Author:** Concerning Reality  
**URL:** <https://www.youtube.com/watch?v=3ctoSEQsY54>  
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**Title:** Insurance basics: What can be covered?  
**Author:** Money Instructor  
**URL:** <https://www.moneyinstructor.com/doc/insurancecoverage.asp>  
**Copyright:** 2002-2022  
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**URL:** <https://www.youtube.com/watch?v=qjXgpJpSlCc>  
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**Author:** Mehrotra, S.  
**URL:** <https://economictimes.indiatimes.com/wealth/insure/insurance-needs-at-different-stages-of-life/life-cover-needs-vary-with-life-stages/slideshow/66954282.cms>  
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**Author:** The Library of Economics and Liberty

**URL:** <https://www.econlib.org/library/Topics/HighSchool/Insurance.html>

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**Author:** Consumer Financial Protection Bureau

**URL:** [https://files.consumerfinance.gov/f/documents/cfpb\\_building\\_block\\_activities\\_what-is-insurance\\_handout.pdf](https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_what-is-insurance_handout.pdf)

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**Title:** What is insurance? [Video & article].

**Author:** Kagan, J.

**URL:** <https://www.investopedia.com/terms/i/insurance.asp>

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**FI:571 Determine insurance needs**

Curriculum Planning Level: SP

**Objectives:**

- a. Explain how determining life insurance needs differs from determining other insurance needs.
- b. Describe factors to consider when determining the amount of insurance needed.
- c. Discuss information needed to calculate insurance needs.
- d. Demonstrate procedures for determining insurance needs.

**Activity:**

Use the following lesson plan from Next Gen Personal Finance to teach students about insurance needs: <https://docs.google.com/document/d/1e-QO7OVmxd7nUTgH2X7l-hqn-Sq5vY0waxiWiaxLCDo/edit#>

**Ethics Case for Students:**

In the United States, health insurance is tied to employment. For many people, losing a job doesn't just mean a loss of income—it also means you've lost health insurance, too. In other countries, however, there is little need to determine insurance needs because the government offers essential health services regardless of peoples' ability to pay. Is one way better—and more ethical—than the other? Is there another option? What do you think? (*Ethical Principles Involved: Fairness, Respect, Viability*)

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**Title:** Personal finance (13th ed.)  
**Author:** Garman, E.T., & Fogue, R.E.  
**References:** Lessons 10.1b, 10.3c  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**Title:** Personal financial planning (14th ed.)  
**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
**References:** Lessons 8-3, 8-4, 9-3, 10-2f, 10-5  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2017

**Title:** Personal financial literacy (3rd ed.)  
**Author:** Ryan, J.S., & Ryan, C.  
**References:** Lessons 6.2c, 6.3a, 6.3b  
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**Author:** National Association of Insurance Commissioners  
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**URL:** <https://www.travelers.com/car-insurance/faqs>  
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**Title:** Home insurance coverage.  
**Author:** Travelers  
**URL:** <https://www.travelers.com/home-insurance/coverage>  
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**Title:** How much life insurance do you need?  
**Author:** Gusner, P.  
**URL:** <https://www.insure.com/life-insurance/coverage.html>  
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**Author:** Martin, E.  
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**Title:** 3 unexpected lifestyle factors that affect life insurance.  
**Author:** Financial Web  
**URL:** <https://www.finweb.com/insurance/3-unexpected-lifestyle-factors-that-affect-life-insurance.html#axzz3CMGFZM6X>  
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**Title:** Determining your insurance needs. [Video].  
**Author:** Prosecure Financial  
**URL:** <https://www.youtube.com/watch?v=DoQzQHck9Eo>  
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**Title:** How do I choose the right life insurance product?  
**Author:** Nationwide  
**URL:** <https://www.nationwide.com/lc/resources/investing-and-retirement/articles/life-insurance-choice>  
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**Title:** How much life insurance do you need? [Video & article].  
**Author:** Epperson, S.  
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**Title:** What factors determine your life insurance premiums?

**Author:** Mercadante, K.

**URL:** <https://www.mcmha.org/factors-determine-life-insurance-premiums>

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**Accessed on:** 2022-09-27

**FI:270 Explain the need to save and invest****Quick Study LAP:** LAP-QS-030

© QS: 2007

**Curriculum Planning Level:** CS**Objectives:**

- a. Define the following terms: saving, investing, financial needs, and financial goals.
- b. Identify types of financial needs (e.g., college, retirement, wills, insurance, etc.).
- c. Discuss ways individuals meet financial needs.
- d. Discuss the importance of setting financial goals to meet financial needs.
- e. Explain the concept of using money to make money.
- f. Distinguish between saving and investing.
- g. Compare the outcome of saving/investing early versus late in life.
- h. Describe ways individuals benefit from saving/investing.

**Activity:**

Ask students to complete the worksheet *Save and Invest \$5 at a Time* found on page 4-102. Discuss their responses as a class.

**Ethics Case for Students:**

Every year for your birthday, your aunt gives you money to put in your college savings account. This year, however, you're hesitant to deposit the money. You have your eye on a pair of expensive new headphones that you've wanted for several months. Besides, college is still several years away – and you can make up for this money by working more hours at your part-time job. You figure that your aunt will never even know what you did with her check. What should you do in this situation?

**Reference Books****Title:** Personal finance (13th ed.)**Author:** Garman, E.T., & Forgue, R.E.**References:** [Lessons 1.1c, 3.1b, 13.1b, 13.1c, 13.1d]**Publisher:** Boston, MA: Cengage Learning, Inc.**Copyright:** 2018**Title:** Personal financial planning (14th ed.)**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.**References:** [Lessons 1-1b, 1-3a, 1-3b, 1-3c]**Publisher:** Boston, MA: Cengage Learning, Inc.**Copyright:** 2017



**Title:** PFIN (7th ed.)  
**Author:** Billingsley, R., Gitman, L.J., & Joehnk, M.D.  
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**Author:** Monroe, J.  
**URL:** <https://www.kiplinger.com/article/saving/t047-c032-s014-3-great-reasons-why-you-should-start-saving-early.html>  
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**Title:** Financial literacy for everyone: Play. [Games].  
**Author:** Practical Money Skills  
**URL:** <http://www.practicalmoneyskills.com/play>  
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**Title:** Lesson 2.5 Strategies to save.  
**Author:** Next Gen Personal Finance  
**URL:** <https://docs.google.com/document/d/1masVY14qRYUD9plSnD1jywMUp9CYRnNdVNMBZNkp-gl/edit>  
**Copyright:** 2022, September 6  
**Accessed on:** 2022-09-21

**Title:** Lesson 7.1 Why should I invest?  
**Author:** Next Gen Personal Finance  
**URL:** <https://docs.google.com/document/d/1zyxKflfTJ3LfNwmz8DPhKgQIQgFwjDdfVZkanKUS1nc/edit>  
**Copyright:** 2021, June 17  
**Accessed on:** 2022-09-21

**Title:** Compound interest calculator.  
**Author:** MoneyChimp  
**URL:** [http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm)  
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**Title:** How to make your money work for you.  
**Author:** Caldwell, M.  
**URL:** <https://www.thebalance.com/top-ways-to-make-your-money-work-for-you-2385954>  
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**Title:** Lesson 3.1 Why should I invest?  
**Author:** Next Gen Personal Finance  
**URL:** <https://docs.google.com/document/d/1OLNV23NPKEStcFQmqLLz8oB2-eBPRhGoEzMmTMXcKo8/edit>  
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**URL:** <https://www.youtube.com/watch?v=49khOiX2gFE>

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## *Choose to Save*

The website <http://www.choosetosave.org/> is dedicated to raising awareness about the need to plan and save for long-term personal financial security. Take a look at “Practical Savings Tips for Every Day Saving” at [http://www.choosetosave.org/tips/index.cfm?fa=display&content\\_ID=3539](http://www.choosetosave.org/tips/index.cfm?fa=display&content_ID=3539). Answer the following questions on a separate piece of paper:

1. Are the suggestions on the list realistic?
2. Do you already do some of these things?
3. What is something new on the list that you would consider doing?
4. Can you think of other ways to save?
5. How much will these savings add up to? (See below.)

For more ideas read “Savings Tips,” also from Choose to Save, at <http://www.choosetosave.org/tips>

## **How Savings Add Up**

No idea what something so far off, like retirement, is going to cost you? In quantifying long-term goals, sometimes it's helpful to start in the here-and-now with a look at the possibilities. Example? If you give up just one \$5 fast-food meal a week, you will save \$240 each year. If you invest this amount, you'll have \$3,155 in 10 years, and \$49,780 at age 65. From one fast-food meal a week!

Use the “What’s It Worth to Reduce My Spending?” calculator at myFICO.com (<http://www.myfico.com/crediteducation/calculators/whats-it-worth-to-reduce-my-spending.aspx>) to see what some of your savings ideas in the section above add up to.

There are many websites with online calculators. Even if you don't know the amounts to enter, they're worth a look because they tell you what factors must be taken into consideration.

**FI:062 Explain the time value of money****Curriculum Planning Level:** CS**Objectives:**

- a. Define the terms time value of money, inflation, interest rate, present value, and compound interest.
- b. Describe how time impacts the value of money.
- c. Explain information that is needed when considering the time value of money (i.e., date at which the dollar amount is measured and the interest rate applied).
- d. Explain the impact of inflation on the value of money.
- e. Discuss situations in which the present value is needed.

**Activity:**

Instruct students to use their knowledge of the time value of money concept to write a letter providing financial advice to their past selves. In their letters, students should explain how time impacts the value of money, identify information that is needed when considering the time value of money, and describe the impact of inflation on the value of money. When finished, students should submit their letters for review or share with a partner.

**Ethics Case for Students:**

Lonnie's grandfather has given Lonnie a diversified stock portfolio as a graduation present. The portfolio is valued at several hundred dollars, but Lonnie's grandfather recommends waiting at least a few years as the value is expected to rise another few hundred dollars.

However, Lonnie is eager to cash in the stocks and get his money. He is about to go off to college where he will need money for food, textbooks, and clothes. Lonnie is unsure if it will be worth it to wait until after college for a few hundred more dollars when he needs money now. What do you think? Should Lonnie choose the money now or wait until after college when the sum will be greater? (*Ethical Principles Involved: Viability, Trust, Respect*)

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**Title:** Personal finance (13th ed.)  
**Author:** Garman, E.T., & Forgue, R.E.  
**References:** [Lesson 1.4]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**Title:** Personal financial literacy (3rd ed.)  
**Author:** Ryan, J.S., & Ryan, C.  
**References:** [Lesson 5.2b]  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
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**Author:** Floyd, D.  
**URL:** <https://www.investopedia.com/articles/insights/122016/9-common-effects-inflation.asp>  
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**Author:** Next Gen Personal Finance  
**URL:** <https://docs.google.com/document/d/17bSJLOcLhxH4j9dTtjyrcPAjppGHKR2GZbmeE2QxOk0/edit>  
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**Title:** Compound interest. [Video & article].  
**Author:** Fernando, J.  
**URL:** <https://www.investopedia.com/terms/c/compoundinterest.asp>  
**Copyright:** 2022, July 19  
**Accessed on:** 2022-09-21

**Title:** Detroit Lions player has doubled his money in 8 years by investing 70% of his NFL salary.  
**Author:** Knowlton, E.  
**URL:** <https://www.businessinsider.com/detroit-lions-player-doubles-money-investing-70-of-nfl-salary-2016-10>  
**Copyright:** 2016, October 27  
**Accessed on:** 2022-09-21

**Title:** Financial Algebra Course. [Lesson plans].  
**Author:** Next Gen Personal Finance  
**URL:** <https://www.ngpf.org/courses/financial-algebra-course/?courseId=65&lessonId=364>  
**Copyright:** 2013-2022  
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**Title:** How does inflation effect the purchasing power of money?  
**Author:** McBride, C.  
**URL:** <https://smallbusiness.chron.com/inflation-effect-purchasing-power-money-696.html>  
**Copyright:** 2019, January 11  
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**Author:** MasterClass

**URL:** <https://www.masterclass.com/articles/what-is-inflation-in-economics>

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**Title:** Present value (PV).

**Author:** Cain, S. L.

**URL:** <https://investinganswers.com/dictionary/present-value>

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**Author:** Fernando, J.

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**Author:** Rush, M., & Chukwuka, V.

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**Author:** Investopedia

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**Author:** Tarver, E.

**URL:** <https://www.investopedia.com/ask/answers/042415/what-impact-does-inflation-have-time-value-money.asp>

**Copyright:** 2022, July 22

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**Title:** What was a dollar worth?

**Author:** Council for Economic Education

**URL:** <https://www.econedlink.org/resources/what-was-a-dollar-worth>

**Copyright:** 2022, January 25

**Accessed on:** 2022-09-21

**FI:077 Explain types of investments**

**LAP:** LAP-FI-077 Invest for Success (Types of Investments)

© **LAP:** 2021

**Curriculum Planning Level:** CS

**Objectives:**

- a. Define the following terms: savings accounts, money market accounts, certificates of deposit, bonds, lending investments, stocks, mutual funds, collectibles, ownership investments, securities.
- b. Explain the relationship between risk and return.
- c. Distinguish between lending and ownership investments.
- d. Identify types of lending investments, e.g., savings accounts, money market accounts, certificates of deposit, and bonds.
- e. Describe the risks and returns associated with lending investments.
- f. Identify types of ownership investments, e.g., stocks, mutual funds, collectibles, and real estate.
- g. Explain the risks and returns associated with ownership investments.

**Activity:**

For a closer look at risk personalities, ask students to take these two online quizzes:

- What Type of Risk-Taker Are You? The Risk Quiz (pages 6 and 7 of [http://media.collegeboard.com/digitalServices/pdf/yes/risk\\_perception.pdf](http://media.collegeboard.com/digitalServices/pdf/yes/risk_perception.pdf))
  - With just eight general life-style questions, each student is scored as a “daredevil,” “reasonable risktaker,” or “play it safe” and given an explanation of each.
- What’s Your Risk Comfort Level? The Investment Risk Tolerance Quiz ([http://pfp.missouri.edu/research\\_IRTA.html](http://pfp.missouri.edu/research_IRTA.html))
  - More investment-focused.

Direct a class discussion. Are the quizzes accurate? Why or why not? Is one attitude toward risk better than another? Can a person’s general attitude toward risk be applied to their approach to investing?

OR

Before moving on to the specific characteristics of bonds, stocks, and mutual funds, ask students to take the short quiz “Test Your Money Smarts” from the Securities and Exchange Commission as an *investing pre-test*. This quiz covers investing basics, some of which have not been covered yet, but that students may already know. Students can take the quiz using an interactive online version or using a one-page hardcopy printed out by the teacher ahead of time. Both are available at <https://www.sec.gov/fast-answers/answerssecquizhtm.html>. End with a review of the correct answers, which are also available online.



## Ethics Case for Students:

Tyra wants to invest her money in local businesses that serve the community. She just met Ollie, who is looking for investors to help him open a socially responsible coffee shop. Tyra agrees with Ollie's cause, but she isn't sure that he has done the research necessary to make sure that his coffee shop will be a success and positively impact the community. Tyra knows this is a risky investment, and she feels that it might be unethical to put her own financial interests ahead of the wellbeing and economic security of her community. What should Tyra do? (*Ethical Principles Involved: Respect, Viability*)

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**Author:** Warren, C.S., Reeve, J.M., & Duchac, J.  
**References:** Lessons 14, 15  
**Publisher:** Boston, MA: Cengage Learning, Inc.  
**Copyright:** 2018

**Title:** Personal financial planning (14th ed.)  
**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
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**Publisher:** Boston, MA: Cengage Learning, Inc.  
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**FI:569 Discuss the nature of retirement planning**

**Curriculum Planning Level:** CS

**Objectives:**

- a. Define the term retirement planning, asset allocation, and vesting.
- b. Explain the importance of starting early when planning for retirement.
- c. Discuss factors to consider when planning for retirement (e.g., inflation rates, health care needs, housing needs/costs, desired retirement age, etc.)
- d. Distinguish between defined benefit retirement plans and defined contribution retirement plans.
- e. Cite an example of a defined benefit retirement plan (e.g., pension plan).
- f. Cite an example of a defined contribution retirement plan (e.g., 401(k), 403(b)).
- g. Distinguish between an individual retirement account (IRA) and a Roth IRA.
- h. Discuss protections that are in place to protect employees' retirement plans.
- i. Explain the relationship between Social Security benefits and a benefit retirement plan.
- j. Discuss how the amount of Social Security benefits received at retirement is determined.
- k. Discuss how the use of asset allocation protects savings and investments.
- l. Describe techniques that can be used to close the gap between retirement savings and retirement expenses.

**Activity:**

Use the following lesson plan from Next Gen Personal Finance to teach students about building wealth for retirement:

[https://docs.google.com/document/d/1\\_s5QjVh1cMoSaSWc\\_U2XNpNSFZoFUVsMgp5xjfxM6jk/edit](https://docs.google.com/document/d/1_s5QjVh1cMoSaSWc_U2XNpNSFZoFUVsMgp5xjfxM6jk/edit).

**Ethics Case for Students:**

Jacqueline is getting ready to retire next month after being at her company for over 40 years. She is looking forward to relaxing and spending more time with her family. However, the executives at her company approach her with an enticing offer: They offer her a raise—and an increased pension fund—if she stays at the company for another three years. Their industry is going through a hiring shortage and Jacqueline is a valued and respected employee in her field. They are desperate to keep her around while they hire and train someone new to replace her.

Jacqueline is conflicted. She doesn't want to leave her company out to dry, and the monetary incentives are appealing. But she also promised her family that she would spend more time with them, and she knows that she won't be around forever. What should she do? (*Ethical Principles Involved: Viability, Accountability, Fairness*)

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**Title:** Personal financial literacy (3rd ed.)  
**Author:** Ryan, J.S., & Ryan, C.  
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**Author:** Gitman, L.J., Billingsley, R., & Joehnk, M.D.  
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**FI:567 Explain the nature of charitable giving**

Curriculum Planning Level: PQ

**Objectives:**

- a. Distinguish between the terms tax exempt and tax deductible.
- b. Describe ways to give to charities.
- c. Identify types of charitable-giving scams.
- d. Discuss techniques for avoiding charitable-giving scams.
- e. Explain criteria that can be used to evaluate a charitable organization.
- f. Discuss how to check out a charity before contributing.

**Activity:**

To help your students better understand ways they can give to charity and how to avoid charity scams, instruct them to read the Federal Trade Commission article "How to Donate Wisely and Avoid Charity Scams" and watch the accompanying video: <https://consumer.ftc.gov/features/how-donate-wisely-and-avoid-charity-scams>.

Then, ask your students to pair up and discuss the following:

- What are some important tips to follow when donating to a charity?
- Identify ways in which scammers may try to trick you when donating to charity.
- What can you do to make sure you don't fall for a scam when donating to charity?

**Ethics Case for Students:**

Angel runs into an old friend, Colin, at the coffee shop, who tells Angel about the charity he works for. That charity just so happens to represent a cause close to Angel's heart. He is eager to get involved with the charity and exchanges information with Colin.

A few days later, Angel calls up Colin at the charity. He has done some preliminary research, and relays some concerns. Both the Better Business Bureau and his state's Consumer Protection Office had very little information on the charity, which was an immediate red flag. Colin tells him not to worry; the charity is just so new that most federal and state agencies don't have their information. Angel tells him he wants to wait until he can verify the charity's credentials, but Colin urges him to start donating as soon as possible to help the charity get off the ground. What do you think Angel should do? Should he wait to be *absolutely* sure about the charity, or should he have faith in his friend the charity's cause and donate now? (*Ethical Principles Involved: Viability, Trust, Respect, Transparency*)

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**Go Green**  
**Financial Literacy Project**

Section 5

The learning outcomes in the *Personal Finance* course are organized in the optimal order for planning, implementing, and evaluating the Go Green Financial Literacy project. Although ultimately a class effort, the project gives individual students an opportunity to strengthen their financial literacy skills while affecting a positive change in their school.

The goal of the Go Green Financial Literacy Project is for the class to develop and disseminate a financial literacy guide to 12<sup>th</sup> grade students at the school. The guide, which can be developed and shared using a variety of technology (e.g., video or podcast series, short articles posted to the school’s social media account, written brochure, etc.), should include seven sections, with each section addressing one of the following topics:

- Setting financial goals
- Budgeting
- Using bank accounts
- Using credit
- Paying taxes
- Purchasing insurance
- Investing

As a class, students should decide which technology to use to develop the class’s financial literacy guide. Then, divide the class into groups of three or four students each.

One option for completing the Go Green Financial Literacy project is for each group in the class to research a different assigned topic and then develop its section of the financial literacy guide, using the technology that the class chose. Upon completion, the groups would combine their separate sections to result in one comprehensive guide.

Another option requires students to “compete” against each other. All of the groups would prepare all seven sections of the guide, using the technology that the class selected. After all of the groups complete each section, an expert judge (e.g., a banking, insurance, or investment professional from the community) would determine which group’s version of the section is the most informative and visually appealing. That group’s version of the section would be used in the class’s financial literacy guide. This process would occur seven times, resulting in a comprehensive guide containing the “best” version of each section.

# ***Personal Finance Exam***

## Section 6

1. The disadvantage to using credit cards to pay for goods and services is that you
  - A. earn quarterly dividends.
  - B. establish a credit rating.
  - C. pay interest on purchases.
  - D. defer cash payments.
  
2. Which of the following is a disadvantage of a checking account:
  - A. Direct payroll deposit
  - B. Account balance requirement
  - C. Overdraft protection
  - D. Online transaction options
  
3. Which of the following would be the most appropriate item to purchase with a credit card:
  - A. Small pizza
  - B. Pack of gum
  - C. Magazine
  - D. Airline ticket
  
4. Coins and paper money are types of
  - A. bonds.
  - B. contracts.
  - C. currency.
  - D. dividends.
  
5. Which of the following is an example of legal tender issued by the federal government:
  - A. Mutual funds
  - B. Corporate bonds
  - C. Bank notes
  - D. Municipal bonds
  
6. Mikael has a \$20 bill. Although this money is just a piece of paper and not backed up by a reserve, Mikael is still able to buy groceries with it because everyone in his country treats it as currency. This \$20 bill is known as \_\_\_\_\_ currency.
  - A. specie
  - B. electronic
  - C. commodity
  - D. fiat
  
7. One way money functions in society is that it helps people communicate a product's
  - A. attributes.
  - B. income.
  - C. market.
  - D. value.
  
8. Chris is at the grocery store deciding between two very similar candy bars. One is \$1.50, and the other is \$3.00. He decides to buy the \$1.50 candy bar because it is cheaper. Chris is using money as a \_\_\_\_\_ to make his decision.
  - A. unit of measure
  - B. medium of exchange
  - C. store of value
  - D. commodity
  
9. Every pay period, Amanda places \$100 from her paycheck into a savings account that earns 4.5% interest. In this situation, money functions as a
  - A. medium of exchange.
  - B. store of value.
  - C. form of barter.
  - D. measure of income.
  
10. Every two weeks, Jana receives an automatic deposit in her checking account from her employer for work she has performed. This is an example of which form of income:
  - A. Interest
  - B. Rent
  - C. Wages
  - D. Dividends

11. When Matthew receives a check four times a year for income he has earned on his stock investments, he is receiving
  - A. dividends.
  - B. credit.
  - C. deposits.
  - D. cash.
  
12. Which of the following is an example of a transfer payment:
  - A. Weekly paycheck
  - B. Unemployment compensation
  - C. Investment dividend
  - D. Corporate bond
  
13. Putting \$100 in a savings account today and earning 4% interest over the next year illustrates the concept of
  - A. opportunity cost.
  - B. principal modification.
  - C. the time value of money.
  - D. inflationary impact.
  
14. For an investment to yield positive results at the end of the investment period, the earnings should
  - A. grow by at least 10%.
  - B. exceed the rate of inflation.
  - C. be accrued on a debt security.
  - D. be documented appropriately.
  
15. Every year since she was born, Sophia's grandparents invested \$100 on her birthday. Sophia is now 18 and the investment has grown large enough to pay for most of her college expenses. Her grandparents explain that this is because her money has grown in two ways: by earning interest, and then by earning interest on that interest. This is an example of
  - A. simple interest.
  - B. compound interest.
  - C. present value.
  - D. inflation.
  
16. One of the reasons that businesses and consumers use credit is because it provides
  - A. collateral.
  - B. reassurance.
  - C. interest.
  - D. convenience.
  
17. Which of the following types of credit requires a down payment:
  - A. Revolving credit
  - B. Open-account credit
  - C. Credit card
  - D. Installment credit
  
18. A formal legal agreement between a lender and a borrower usually includes a
  - A. tax code listing.
  - B. repayment schedule.
  - C. proposal for disbursement.
  - D. guarantee of eminent domain.
  
19. Lyla is applying for a loan to buy a house for the first time. Which of the following should she be certain to do when applying for the loan:
  - A. Inaccurately report her debts
  - B. Overstate her assets
  - C. Sign blank documents
  - D. Read all paperwork carefully
  
20. What course of action can a lender take if a debtor's account is past due?
  - A. Apply for bankruptcy
  - B. Claim defamation
  - C. File a judicial lien
  - D. Liquidate assets

21. Saving the money that you might ordinarily spend each day on a cup of coffee and a donut
- A. is not a practical step in reaching your financial goals.
  - B. will not result in significant savings.
  - C. is the sacrifice you must make for future financial security.
  - D. can help you achieve larger financial goals.
22. Which of the following is an example of an individual setting a financial goal:
- A. Making a will to distribute personal assets
  - B. Saving enough money to retire in 10 years
  - C. Reviewing various health insurance options
  - D. Obtaining a credit card for emergencies
23. Which of the following is a source of income that a person should consider when developing a personal budget:
- A. Insurance
  - B. Salary
  - C. Clothing
  - D. Utilities
24. Which of the following is a variable expense that Jake must consider when developing his personal budget:
- A. Anticipated salary increases
  - B. Unexpected car repairs
  - C. Fixed car-loan payments
  - D. Homeowner insurance premiums
25. Developing a personal budget is an effective way to
- A. pay bills.
  - B. manage money.
  - C. calculate assets.
  - D. increase debt.
26. When you use money to make money, you are
- A. rationing.
  - B. saving.
  - C. investing.
  - D. reimbursing.
27. If you are 17 right now, what is the best age to begin investing?
- A. 27
  - B. 32
  - C. 17
  - D. 25
28. The key factors involved in compounding growth are the amount of money you invest, how much your investment grows each year, and
- A. your mutual fund manager's education.
  - B. how you earn the money that you invest.
  - C. your educational background and career.
  - D. how long your money is invested.

29. For a school project, Megan needs to calculate her net worth. Using the following information, help Megan determine her net worth.  
 Car value = \$6,000  
 Savings account = \$250  
 Credit card debt = \$500  
 Computer value = \$100
- A. \$5,150  
 B. -\$5,850  
 C. \$5,650  
 D. \$5,850
30. Luke is a college student. For a homework assignment, he calculated his personal net worth to be \$5,000. This made him "feel rich," and he immediately went online and spent \$5,000 on a laptop computer system. Based on your knowledge of net worth, was this purchase a smart decision?
- A. No, because a positive net worth indicates he has more liabilities than assets.  
 B. No, because net worth includes assets that are not liquid.  
 C. Yes, because he has \$5,000 available to use immediately.  
 D. Yes, because even if his assets include real estate, he can quickly sell it to pay for the computer.
31. Chloe is preparing her income tax return for the first time. She is a receptionist, does not own any land or real estate, and has not inherited any money from a deceased relative within the last tax year. She will only be taxed on
- A. earnings.  
 B. property.  
 C. wealth.  
 D. purchases.
32. Which of the following is an example of a tax liability:
- A. Amount due on an inheritance  
 B. Interest paid on a mortgage  
 C. Deduction for a charitable contribution  
 D. Value of an exemption
33. Calculate Jason's **gross** earnings for the pay period if his **net** pay is \$796.84, his total tax obligation is \$157.27, his medical insurance is \$45.00, and his union dues are \$15.00.
- A. \$1,014.11  
 B. \$579.57  
 C. \$984.11  
 D. \$894.11
34. Which of the following is an example of a payroll deduction:
- A. Net pay  
 B. Overtime hours  
 C. Health insurance  
 D. Pay rate
35. Which of the following is a safeguard that can be used when writing checks:
- A. Modify your signature so that it will be difficult to duplicate.  
 B. Fill the check out in pencil so that you can easily change your mistakes.  
 C. Make the check out to "Cash" when you need to get cash from your bank.  
 D. Don't sign blank checks that could be filled out by a dishonest person.
36. Why should you spell out the check amount when completing checks?
- A. The spelled out check amount verifies who can cash the check.  
 B. The spelled out check amount is used if the numbers are unclear.  
 C. The spelled out check amount specifies the bank's routing number.  
 D. The spelled out check amount gives the purpose for the check.



37. To endorse a check, the payee must sign their name on the
- A. check's memo line.
  - B. signature block of the check.
  - C. back of the check.
  - D. check's "Pay to the order of" section.
38. When should you record bank transactions in your check register?
- A. As bank statements are reconciled
  - B. When bank statements are received
  - C. As soon as each check is written
  - D. When checks bounce
39. Rather than receiving his pay in the form of a check, Andre's biweekly income is credited to his account electronically. Which of the following transaction codes should Andre use when entering his pay in his checkbook register:
- A. T
  - B. DC
  - C. ATM
  - D. DEP
40. What is one advantage of keeping a physical check register, instead of relying on your online bank statement?
- A. You know how much money is actually available to you without waiting.
  - B. Physical check registers take less time to maintain than relying on online bank statements.
  - C. It helps you keep track of what you've charged on your credit cards.
  - D. Online bank statements are generally inaccurate.
41. When reconciling bank statements, it is important to consider
- A. the types of payroll deposits.
  - B. the number of transactions.
  - C. services not available online.
  - D. checks that have not cleared.
42. Matt is balancing his checkbook for the first time. He compares the checks he has written over the last month with those listed on his statement and finds that all of his checks have cleared. Next, he verifies that his latest paycheck, which he deposited the previous day, is on the list. It is not, so he adds it to his statement balance. After this, he should
- A. subtract any interest.
  - B. subtract fees and charges.
  - C. call the bank for a new statement.
  - D. consider everything done.
43. On January 3, Anna mailed her credit-card payment, which was due on January 5. The credit-card issuer received the payment on January 7. What most likely appeared on Anna's credit-card statement the following month?
- A. Application charge
  - B. Late fee
  - C. Processing charge
  - D. Over-limit fee
44. Sheila pays the minimum payment shown on her credit card bill each month. For the remaining amount on the bill she will be charged a(n)
- A. annual fee.
  - B. annual percentage rate.
  - C. late fee.
  - D. overdraft fee.
45. One reason it is important to verify that credit agencies have current information about your credit history is because incorrect data can affect your ability to
- A. obtain a bank loan.
  - B. pay your bills.
  - C. declare bankruptcy.
  - D. sell assets.

46. Which of the following is the type of organization that a person can contact to verify that their credit-history report is accurate:
- A. Judicial bankruptcy court
  - B. Credit compliance office
  - C. Authorized credit bureau
  - D. Debt collection agency
47. Why do many financial advisors recommend that you validate your financial credit history annually?
- A. Information in your credit report appears in your social networking profiles.
  - B. The return on your stock investments is based on your financial credit history.
  - C. Most universities review your financial credit report before accepting you as a student.
  - D. Information in your credit report can impact how much you pay to borrow money.
48. What is one thing you can do to protect yourself from becoming a victim of identity theft?
- A. Place your Social Security number or your social insurance number on all documents.
  - B. Use unusual passwords rather than your birth date to access your bank accounts.
  - C. Keep your passport with you at all times.
  - D. Always pay with cash rather than credit cards or check.
49. Which of the following is a possible consequence of having one's identity stolen:
- A. Need for new identity
  - B. Damage to credit history
  - C. Unemployment
  - D. Homelessness
50. One way to reduce the risk of identity theft is by
- A. photocopying credit-card receipts.
  - B. disabling computer virus software.
  - C. storing passwords on web browsers.
  - D. shredding old bank statements.
51. Which of the following is the most likely action that the government takes when a person misses the deadline for filing their income tax return:
- A. Penalty
  - B. Refund
  - C. Extension
  - D. Allowance
52. Last year, Janine's gross income was \$47,355. She earned \$389 in taxable interest. She is 24 years old, single, claiming one exemption for herself, and taking the standard deduction for an individual. The single standard deduction is \$5,700, and the amount of the exemption is \$3,650. What is Janine's taxable income for the year?
- A. \$38,394
  - B. \$42,044
  - C. \$43,705
  - D. \$47,744
53. Fiona made a \$500 donation to a local homeless shelter last year. When she prepares her personal income tax form, she can claim the donation as part of her
- A. tax deductions.
  - B. public property.
  - C. living expenses.
  - D. discretionary income.
54. Which of the following is a type of financial-services provider:
- A. Commercial bank
  - B. Stock market
  - C. Taxation department
  - D. Retirement community

55. Chris wants to open a small business, and he has a very good business plan that is likely to succeed. He is more likely to go to a(n) \_\_\_\_\_ for a loan.
- A. insurance provider
  - B. national bank
  - C. local bank
  - D. mortgage company
56. Individuals are most likely to require the services of a mortgage company when they want to
- A. invest in the stock market.
  - B. acquire liability insurance.
  - C. purchase real estate.
  - D. earn interest on savings.
57. What is an important step to take when selecting a financial-services provider?
- A. Plan an investment
  - B. Complete tax forms
  - C. Organize records
  - D. Verify credentials
58. Which of the following is a question that investors should ask prospective financial planners:
- A. What is your income?
  - B. How many references do I need to provide?
  - C. How are your fees structured?
  - D. Where did you attend school?
59. When you are just beginning your career, what should be the main emphasis of your retirement planning efforts?
- A. Adjusting retirement plan to maintain acquired wealth
  - B. Taking monthly payouts from acquired assets
  - C. Setting aside money for retirement
  - D. Matching your employer's contributions
60. In most countries, credit reporting agencies are required to
- A. grant borrowers unlimited free access to their credit reports.
  - B. provide borrowers yearly access to their credit reports for free.
  - C. allow borrowers to remove criminal records from their credit histories.
  - D. retain inaccurate credit information on an individual's credit report.
61. An employee benefits package might include which of the following:
- A. 401(k) plan and life insurance
  - B. Income statement and life insurance
  - C. 401(k) plan and income statement
  - D. Health insurance and income statement
62. Which of the following helps you determine the total cost of a consumer loan:
- A. Credit score
  - B. Repayment terms
  - C. Annual percentage rate
  - D. Origination fees
63. Miguel has decided to donate to the local animal shelter. The manager of the shelter tells him that it is a tax-exempt organization. What does this mean for Miguel?
- A. He will not need to pay taxes for the year in which he donates.
  - B. He will pay double the taxes on his contribution.
  - C. Nothing. Tax-exempt means that the shelter doesn't have to pay taxes.
  - D. He will receive a tax rebate from the government.

64. To cover the extra cost of offering credit services, businesses often adjust their marketing strategy by charging customers
- A. annual fees.
  - B. finance charges.
  - C. interest rates.
  - D. higher prices.
65. Which of the following is often considered one of the safest types of investments:
- A. Penny stocks
  - B. Government bonds
  - C. Commodities
  - D. Precious metals
66. Which of the following ownership investments allows access to an “expert” manager:
- A. Real estate
  - B. Collectibles
  - C. Stock mutual funds
  - D. Stocks
67. Since Logan is willing to accept a moderate or high risk in exchange for the potential of a moderate or high return, he should invest his funds in
- A. savings accounts.
  - B. bonds.
  - C. stocks.
  - D. certificates of deposit.
68. Many employers match employees' pretax contributions to their
- A. Keogh plans.
  - B. traditional IRAs.
  - C. Roth IRAs.
  - D. 401(k) plans.
69. Which of the following does NOT directly impact the amount of Social Security benefits that a person receives at retirement:
- A. The pension that the person receives as a retired government employee
  - B. The person's total earnings over their working career
  - C. The person's age at the time that they start receiving benefits
  - D. The person's highest level of technical training and education
70. Is it possible to buy insurance to protect your belongings if you don't own your home, but lease it from someone else?
- A. Yes, you can buy life insurance.
  - B. Yes, you can buy renter's insurance.
  - C. No, leased properties cannot be insured.
  - D. No, insurance must be purchased by the owner.
71. What action can individuals take to reduce the cost of their health insurance coverage?
- A. Increase the amount of their liability coverage
  - B. Make quarterly payments to the carrier
  - C. Increase the amount of their deductible
  - D. Enroll in the carrier's disability coverage

72. What type of insurance provides financial support to loved ones in the event of your death?
- |                         |                       |
|-------------------------|-----------------------|
| A. Life insurance       | C. Health insurance   |
| B. Disability insurance | D. Renter's insurance |
73. Juliet and Tony send their young son to a daycare center. Instead of writing a check each month to pay the center, they signed a form allowing the center to automatically take the money from their checking account at the bank each month. This type of bill paying is called
- |                     |                       |
|---------------------|-----------------------|
| A. manual bill pay. | C. direct withdrawal. |
| B. online bill pay. | D. endorsement.       |
74. Bob has failed to pay his child support payment for three months in a row. Because of this, the government has put a claim on his home to satisfy the debt. This is called a
- |                 |                        |
|-----------------|------------------------|
| A. lien.        | C. repossession.       |
| B. garnishment. | D. debt consolidation. |
75. Which of the following is generally the least expensive way to pay bills online:
- Using a bank's online bill paying service to pay your bills
  - Paying your accounts at the billers' web sites
  - Obtaining the services of an e-bill specialist, such as Yahoo! Bill Pay, to pay your bills
  - Having a service collect and scan your bills, and then email them to you when the bills are due
76. What is the most negative information possible on a credit report?
- |                 |                             |
|-----------------|-----------------------------|
| A. Bankruptcy   | C. Lien                     |
| B. Late payment | D. Collection agency report |
77. What is good advice to follow to avoid excessive debt?
- Engage in impulse buying to avoid unmanageable debt.
  - Think long term and be realistic about income and expenses.
  - Notify creditors immediately when you know your payments will be late.
  - Use co-signers on loans so that they can be held responsible for excessive debt.
78. Which of the following increases your personal net worth:
- |                        |                         |
|------------------------|-------------------------|
| A. Using a credit card | C. Renting an apartment |
| B. Leasing a car       | D. Owning a home        |
79. Eric wants to buy a new house, and to do so, he needs good credit. He has made all his rent, car, and credit card payments on time, so he should have a good credit score. Before he goes to purchase the house, he checks his credit report and finds that he has a low credit score because one of the agencies mishandled his report. This example shows the importance of
- |                               |                    |
|-------------------------------|--------------------|
| A. validating credit history. | C. buying a house. |
| B. paying rent on time.       | D. good credit.    |
80. What federal law must businesses follow when they offer revolving charge accounts and send customers updated statements showing the status of their accounts?
- |  |                                 |
|--|---------------------------------|
| A. Fair and Accurate Credit Transactions Act | C. Equal Credit Opportunity Act |
| B. Truth-in-Lending Act                      | D. Fair Credit Billing Act      |

81. To pay his student loans, Jerian elects a plan where he begins with low monthly payments that increase yearly. This is an example of a(n) \_\_\_\_\_ plan.
- A. graduated repayment
  - B. standard repayment
  - C. income-driven
  - D. consolidation
82. To determine an individual's insurance \_\_\_\_\_, an insurance company will consider a variety of factors, including age, gender, medical history, and occupation.
- A. premium
  - B. copay
  - C. deductible
  - D. agent
83. Sherry's grandma sent her \$500 for her birthday. Sherry was very surprised and pleased to receive the check. Now, she has to decide what to do with it. Which of the following is the smartest financial decision:
- A. Pay extra on her car payment (5.2% APR)
  - B. Pay extra on her student loan (3.5% APR)
  - C. Pay off some of her credit card debt (15.5% APR)
  - D. Put the money in her savings account (1.2% APR)
84. Which of the following is the most effective way to pay off bills:
- A. Pay those with the lowest interest rates first.
  - B. Pay the smallest bills first.
  - C. Pay the largest bills first.
  - D. Pay those with the highest interest rates first.
85. What is the best advice to follow to indicate responsible financial decision-making?
- A. Align your financial decisions with your life values
  - B. Obtain the advice of a finance professional before making financial decisions
  - C. Make financial decisions based on where you anticipate being financially in the future
  - D. Ignore the consequences associated with financial decisions
86. What type of services do property taxes typically fund?
- A. State/Provincial education programs and federal correctional facilities
  - B. National security programs and local road repairs
  - C. State/Provincial colleges and social welfare initiatives
  - D. Local fire departments and law-enforcement agencies
87. Caitlin has three credit cards. She receives her credit card statement for one of the cards and has to decide how to pay the \$500 she spent with that card. To pay the least for use of the credit, she should pay with \_\_\_\_\_ and make the \_\_\_\_\_ payment.
- A. cash; full
  - B. another card; minimum
  - C. another card; full
  - D. cash; minimum
88. Which of the following information is most likely needed when applying for credit:
- A. Legal name and annual income
  - B. PIN and legal name
  - C. Annual income and executive summary
  - D. Executive summary and PIN
89. Interest paid on a loan can be understood as compensation to \_\_\_\_\_ for \_\_\_\_\_.
- A. the borrower; repaying on time
  - B. the lender; avoiding bad investments
  - C. the lender; taking a risk
  - D. the borrower; spending now rather than later

90. Taryn is choosing between two apartments. Which of the following factors is most important for her to consider to make a responsible financial decision:
- A. The size of the bedroom
  - B. The appliances
  - C. The cost of rent
  - D. The location
91. Without realizing it, Hillary makes a \$50 purchase using a debit card linked to an account that only has \$30 in it. Which of the following services will make sure the transaction clears, even though the account currently has insufficient funds:
- A. Certificate of deposit
  - B. Overdraft protection
  - C. Profit maximization
  - D. Transfer fee
92. Pam receives a call from a person collecting money for the National Heart Association. Pam's father died from heart disease, and so she listens closely to the caller. "To help prevent heart disease," he says, "you can simply donate now by credit card." Pam would like to help find a cure for heart disease, but she also wants to be wise with her donations. What should she do?
- A. Make a donation now so her support can help immediately
  - B. Ask the caller to send her written information about the charity
  - C. Ask the caller a few questions and then donate
  - D. Ignore the caller because telemarketers are often crooks
93. An individual who decides to save a certain amount every month to have enough money on hand to buy a car in two years is
- A. opening an account.
  - B. making an investment.
  - C. setting financial goals.
  - D. analyzing economic conditions.
94. When Lara purchased a sweater priced at \$35.00, the dollar amount of her purchase totaled \$37.43. What type of tax did Lara pay?
- A. Income
  - B. Property
  - C. Excise
  - D. Sales
95. Ian's employer electronically places Ian's paycheck directly into his bank checking account every pay period. In what column on Ian's bank statement will he find these transactions?
- A. Withdrawals and credits
  - B. Withdrawals and debits
  - C. Deposits and debits
  - D. Deposits and credits
96. Limiting the number of credit cards that you have will help you
- A. waive the transaction fees for each card.
  - B. purchase most of the items that you want.
  - C. manage your spending.
  - D. exceed your credit limit.

97. Andrew bought an expensive new TV using a credit card he opened last year. He figured that he could afford the TV if he used credit instead of cash. After several months of making the minimum payment on his card, Andrew realizes that his balance is getting higher instead of lower. He checks the status of his credit line and realizes that his monthly payments have been going towards interest and fees—not to his TV purchase! Before he bought the TV using credit, Andrew should have
- A. considered how interest increases the cost of credit.
  - B. opened a new credit account to minimize his responsibility.
  - C. looked for another job to pay for his expensive purchase.
  - D. taken money out of his savings account to pay for the TV.
98. When selecting a qualified financial planner, it is important to consider their
- A. personal goals and education.
  - B. living expenses and personal goals.
  - C. education and licensure.
  - D. living expenses and licensure.
99. If you want to avoid excessive debt, which of the following actions should you take:
- A. Use a credit card for purchases you can't afford.
  - B. Avoid big purchases unless they're impulse buys.
  - C. Pay the minimum payment due each month on your credit card.
  - D. Create a budget, and stick to it.
100. Many consumer loan applications require the borrower to indicate assets or personal property that the lender may acquire if the loan is not repaid. These loans are secured by
- A. credit.
  - B. deposit.
  - C. risk.
  - D. collateral.



1. C

Pay interest on purchases. Credit is the arrangement by which individuals or businesses can purchase now and pay later. Many types of businesses (e.g., banks, large retailers) offer credit cards to consumers and businesses to purchase goods and services. Usually, the credit-card issuer sends the credit-card holder a monthly statement. The information on the statement includes a list of the purchases made during the billing cycle and the amount owed for the purchases, which includes the interest charges. If the credit-card holder pays the minimum amount due, the amount of interest owed accumulates on the balance due until the debt is paid off. Because interest rates can be high, this can be a disadvantage to the credit-card holder. It is important to establish a good credit rating to borrow money in the future from other lenders. Therefore, establishing a credit rating is not necessarily a disadvantage. Credit-card holders do not earn quarterly dividends on their credit cards. Temporary deferment of cash payment is an advantage to credit-card holders.

SOURCE: FI:058

SOURCE: Lambarena, M. (2021, February 24). *How is credit card interest calculated?* Retrieved March 16, 2023, from <https://www.nerdwallet.com/article/credit-cards/how-is-credit-card-interest-calculated>

2. B

Account balance requirement. Financial institutions often require customers to maintain a certain amount of money in their bank accounts. The account holder may be charged fees if the minimal account balance requirements are not met. Direct payroll deposit, overdraft protection, and online transaction options are benefits or services that many types of checking-account products offer that customers may need to pay fees to obtain.

SOURCE: FI:058

SOURCE: Capital One. (2022, November 2). *Checking accounts: Advantages & disadvantages.* Retrieved March 16, 2023, from <https://www.capitalone.com/bank/money-management/banking-basics/benefits-of-checking-accounts>

3. D

Airline ticket. Many lending institutions and retailers offer credit cards, which allow individuals or businesses to purchase now and pay later. Because credit-card holders often pay high interest rates and other fees, they must be careful when using their credit cards so they don't charge more than they can pay off in a reasonable timeframe. Using credit cards to make large-dollar purchases often makes it easier to change or cancel transactions such as airfare. In fact, many businesses prefer credit cards as a payment method. It makes more sense to use a credit card with larger purchases (such as airline tickets) instead of smaller purchases (such as gum, magazines, or pizza), especially if the transaction fee is higher than the price of the good or service.

SOURCE: FI:058

SOURCE: McManus, M.R. (2022, January 3). *How credit cards work.* Retrieved March 16, 2023, from <https://money.howstuffworks.com/personal-finance/debt-management/credit-card.htm>

4. C

Currency. Currency is the money that a country uses to buy and sell goods and services. There are several types of currency. For example, coins and paper money are types of currency because they can be used to buy products. Coins and paper money generally are used by individuals to purchase the products they need. Bonds are interest-bearing certificates issued by the government and promising to pay bond owners a certain sum at a specified time. A dividend is a sum of money paid to an investor or stockholder as earnings on an investment. Dividends are often sent to the investor in the form of a check. A contract is a legal agreement between two or more businesses stating that one party is to do something in return for something provided by another party.

SOURCE: FI:059

SOURCE: Frankenfield, J. (2022, July 22). *Currency: What it is, how it works, and how it relates to money*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/c/currency.asp>

5. C

Bank notes. Bank notes are currency. Currency is the paper or metal (coin) money that individuals and businesses use to buy and sell goods and services. Paper money and coins are issued by a country's government. Corporate bonds are bonds issued by corporations to fund operating expenses. A mutual fund is a collection of shareholders' money that is invested by professional fund managers in an assortment of different securities, such as stocks and bonds. A bond is a piece of paper (real or virtual) that says the governing body or corporation will borrow your money at a particular interest rate for a particular period of time. Municipal bonds are issued by local governments.

SOURCE: FI:059

SOURCE: McMahon, M. (2023, February 19). *What is a bank note?* Retrieved March 16, 2023, from <https://www.smartcapitalmind.com/what-is-a-bank-note.htm>

6. D

Fiat. Fiat currency is money that doesn't have intrinsic value and is not backed by reserves. Fiat currency is only valuable as long as people have faith that it will continue to be used in the future. Electronic currency is money that exists only in electronic format. Commodity money is currency that has value other than its value as money (for example, gold or silver). Mikael's \$20 bill is just made of paper, which is essentially worthless on its own, so it is not commodity money. Specie is a term used for coins, and Mikael is using paper money.

SOURCE: FI:059

SOURCE: ThisMatter.com. (1982-2023). *Money*. Retrieved March 16, 2023, from <https://thismatter.com/money/banking/money.htm>

7. D

Value. Money is the most common medium of exchange in society. People exchange money for goods and services that they want. The price, or the amount of money a person is willing to pay for the product, communicates the product's value or worth. Income is money resource owners receive for supplying goods and services. Market is a customer or potential customer who has an unfulfilled desire and is financially able and willing to satisfy that desire. Attributes are a product's characteristics.

SOURCE: FI:060

SOURCE: Grabianowski, E. (2023). *How currency works*. Retrieved March 16, 2023, from <https://money.howstuffworks.com/currency.htm>

8. A

Unit of measure. Money can serve as a unit of measure to determine or compare the relative worth of different products. Chris compares the monetary value of the two candy bars and selects the less expensive one. While money does serve as the medium of exchange in this example, the fact that Chris is using money instead of some other medium of exchange does not directly impact his decision. Money would serve as the medium of exchange even if he purchases the more expensive candy bar. Store of value means that money can be held over time and still have purchasing power at a later date. The money that Chris is using is not a commodity because it does not have another use.

SOURCE: FI:060

SOURCE: Investopedia. (2022, July 4). *Understanding money: Its properties, types, and uses*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/m/money.asp>

9. B

Store of value. Money functions as a store of value when it is saved rather than spent. The money can be held over time, and it retains value for future purchasing power. In some situations, money is invested or placed in an account that generates more value. Money also serves as a medium of exchange. This occurs when money is used to obtain goods and services. Bartering involves trading one good or service for another good or service. Money also functions as a measure of value. When money functions as a measure of value, the individual holding the money assesses what they are willing to pay for a good or service, thereby communicating the product's value or worth.

SOURCE: FI:060

SOURCE: Downey, L. (2022, March 25). *Store of value: Definition, how assets work, and examples*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/s/storeofvalue.asp>

10. C

Wages. A common source of income is the money a person earns for work that they perform. This source of income is a worker's wages. Businesses usually pay their employees at regular intervals, such as every week or every other week. In many situations, the businesses will deposit the employee's wages in their savings or checking accounts rather than pay them by check. Rent, interest, and dividends are other sources of income that are not associated with the work that an employee performs.

SOURCE: FI:061

SOURCE: Cole, A. (2015, February 2). *The top ten sources of personal income*. Retrieved March 16, 2023, from <https://taxfoundation.org/top-ten-sources-personal-income>

11. A

Dividends. A dividend is a sum of money that a corporation pays to a stockholder as earnings on an investment. The corporation usually pays dividends by check to stockholders on a quarterly basis. The stockholder can deposit the dividend check into a savings or checking account or convert it to cash. Credit, deposits, and cash are not forms of income that are earned by owning stock.

SOURCE: FI:061

SOURCE: Hayes, A. (2022, June 28). *Dividends: Definition in stocks and how payments work*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/d/dividend.asp>

12. B

Unemployment compensation. Transfer payments are monies paid by the government in which no goods or services are received in exchange. Examples of transfer payments include disaster aid, veterans' benefits, and unemployment compensation. People who qualify for unemployment compensation receive government funds for a limited amount of time when they lose their jobs through no fault of their own. Employers issue paychecks to employees for the work they have performed. Dividends are earnings on investments. A corporate bond is a piece of paper (real or virtual) that says a corporation will borrow an investor's money at a particular interest rate for a particular period of time. Weekly paychecks, investment dividends, and corporate bonds are not examples of transfer payments.

SOURCE: FI:061

SOURCE: Kagan, J. (2021, October 25). *Unemployment compensation: Definition, requirements, and example*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/u/unemployment-compensation.asp>

13. C  
The time value of money. The term "time value of money" refers to the increase of an amount of money as a result of interest or dividends earned. A basic illustration of the time value of money is money and the interest it earns in a savings account. Principal is the deposited amount, which is not modified. Opportunity cost is what you have to give up when you make a choice. In this case, the opportunity cost of depositing \$100 is spending it on something else. Inflation has a negative impact on the time value of money.  
SOURCE: FI:062  
SOURCE: Fernando, J. (2022, September 28). *Time value of money explained with formula and examples*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/t/timevalueofmoney.asp>
14. B  
Exceed the rate of inflation. When making investments, it is important to consider the time value of money, which is the difference between the money's current purchasing power in relation to its purchasing power at a future date. Earnings from investments can come in different forms, such as accumulated interest from debt securities or dividends from equity securities. At the end of the investment period, a successful investment will yield more money than the investor started with. However, it is important to consider the rate of inflation—which is an increase in prices of goods and services. If inflation increases more rapidly than the investment earns (e.g., 10%) during the investment period, then the value of money earned will not yield the desired results. Documents and forms do not affect the time value of money.  
SOURCE: FI:062  
SOURCE: Fernando, J. (2022, September 28). *Time value of money explained with formula and examples*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/t/timevalueofmoney.asp>
15. B  
Compound interest. Accounts that earn interest on the lump sums deposited (\$100 per year in this example) as well as the interest earned in prior years are called compound interest accounts. Simple interest is calculated on lump sums only. Present value is the current value of one or more future cash payments, discounted at some appropriate interest rate. Inflation is a rise in the general level of prices of goods and services in an economy over a period of time. While inflation has caused the price of college to increase, it is not calculated into how Sophia's account earns interest.  
SOURCE: FI:062  
SOURCE: Fernando, J. (2022, July 19). *The power of compound interest: Calculations and examples*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/c/compoundinterest.asp>

16. D  
Convenience. Credit allows businesses and consumers to pay for several different purchases at one time with a single payment. It reduces the need to carry cash and provides the convenience of ordering by phone or online. Collateral is anything of value belonging to the borrower which is pledged to the lender to guarantee that the loan will be repaid. Interest is the fee which lenders charge borrowers for the use of credit. Credit does not provide reassurance or comfort.  
SOURCE: FI:002  
SOURCE: The American Institute of Certified Public Accountants. (2004-2023). *Credit cards: The pros and cons*. Retrieved March 16, 2023, from <https://www.360financialliteracy.org/Topics/Credit-and-Debt/Credit-Cards-and-Reports/Credit-Cards-The-Pros-and-Cons>
17. D  
Installment credit. Installment credit is a type of credit account set up to handle one total amount of credit which is to be paid off in regular installments. The credit user makes a down payment and signs an agreement to pay monthly installments, including interest, until the total is paid. Revolving credit limits the total amount of money that may be owed and charges interest on outstanding balances. A credit card is an identification card that permits the credit account holder to charge purchases to the credit account. Open-account credit allows credit users to buy at any time during a set period, usually 30 days.  
SOURCE: FI:002  
SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)
18. B  
Repayment schedule. Individuals and businesses usually borrow money from financial institutions for large purchases, such as business equipment. A borrower must apply for the loan with the lender and provide the lender with necessary financial status information. The lender reviews this information to determine if the potential borrower is a good risk and is likely to pay back the loan. If the lender determines that the borrower meets the necessary criteria, the application is accepted and the loan process begins. The lender develops a formal document (contract) that the borrower must sign. The document contains information regarding the loan repayment terms and schedules. The contract does not include a tax code list, a proposal (request) for disbursement, or a guarantee of eminent domain.  
SOURCE: FI:063  
SOURCE: Pritchard, J. (2021, December 9). *Learn how loans work before you borrow*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/how-loans-work-315449>
19. D  
Read all paperwork carefully. Lyla should make sure she has read and understood all of the paperwork associated with the loan before signing it. She should be up front about her financial situation, so she should not inaccurately report her debts or overstate her assets. She should never sign a blank document, as doing so can lead to fraud.  
SOURCE: FI:063  
SOURCE: MyCreditUnion.gov. (2018, August 13). *Why reading account disclosures is important*. Retrieved March 16, 2023, from <https://mycreditunion.gov/life-events/home-ownership/buying-home/why-reading-account-disclosures-important>

20. C

File a judicial lien. A lien is a legal claim to an item of property that protects the seller if the buyer does not complete their payments. If a debtor does not make payments as promised, the lender can take legal action to obtain the debtor's assets or items of collateral, such as a home, car, etc. The debtor, rather than the lender, may need to liquidate assets to fulfill their legal obligation to the lender. If the debtor doesn't have any assets, they may need to file for bankruptcy. Defamation involves writing or saying something that damages an individual's or an organization's reputation.

SOURCE: FI:063

SOURCE: Peeler, T. (2020, May 19). *Judicial lien laws*. Retrieved March 16, 2023, from <https://www.legalmatch.com/law-library/article/judicial-lien-laws.html>

21. D

Can help you achieve larger financial goals. Making purposeful spending decisions, instead of spending out of habit or impulsively, is an important step in achieving larger financial goals. Even small daily savings add up to significant amounts over time. Day-to-day spending does not have to be sacrificed entirely for future financial security, as long as you're aware of your spending and are making purposeful decisions. Small savings every day are a very practical step in reaching your financial goals.

SOURCE: FI:065

SOURCE: Fontinelle, A. (2022, October 8). *How to set financial goals for your future*. Retrieved March 16, 2023, from <https://www.investopedia.com/articles/personal-finance/100516/setting-financial-goals>

22. B

Saving enough money to retire in 10 years. Financial goals are objectives that individuals want to achieve. Individuals often set financial goals based on a time factor because they have a need that they want to satisfy. In this situation, retiring in 10 years is the need that can be satisfied by saving money every month. Making a will to distribute personal assets, reviewing various health insurance options, and obtaining a credit card for emergencies are not examples of financial goals.

SOURCE: FI:065

SOURCE: Campbell, J. (2018, December 3). *How to set and keep personal financial goals*. Retrieved March 16, 2023, from <https://www.moneymanagement.org/blog/how-to-set-and-keep-personal-financial-goals>

23. B

Salary. An individual's income is the source of money that the person receives. A person earns income by working and collecting a salary from their employer. Other income sources include child support payments, alimony, interest, and profits from investments (e.g., rental properties). Insurance, clothing, and utilities are types of personal expenses.

SOURCE: FI:066

SOURCE: Frankel, L. (2023, March 1). *Budgeting 101: How to budget for all income levels*. Retrieved March 16, 2023, from <https://financebuzz.com/budgeting>

24. B

Unexpected car repairs. A budget is an estimate of income and expense for a specific period of time. Individuals develop personal budgets so they can manage their money. An expense is money that the person pays for something. A variable expense is a cost that is unexpected or may change, such as unexpected car repairs. It is a good idea to budget a certain amount of money to an emergency fund to cover unexpected, variable expenses. A salary increase is a source of income rather than an expense. Fixed expenses, such as car loans and homeowner insurance premiums, are payments that are not expected to change.

SOURCE: FI:066

SOURCE: Elmlad, S. (2022, January 14). *How variable expenses affect your budget*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/what-is-the-definition-of-variable-expenses-1293741>

25. B

Manage money. A budget is an estimate of what income and expenses will be for a specific time period. By developing a budget, individuals can manage their money. The budget will enable them to estimate income, perhaps for the next month, and also estimate the various expenses such as car payment, clothing, entertainment, etc. Then, they will be able to compare income with expenses and plan how to spend their money. Preparing a budget will make it possible to determine if they are barely able to pay bills each month or if there are funds remaining to put in a savings account. If funds are tight, they can analyze the various expenses and find ways to cut back to more effectively manage their money. Developing a budget allows individuals to identify the bills that must be paid; however, a budget does not pay bills. A budget does not include a list of assets. Budgeting often helps individuals to decrease debt by managing money more effectively.

SOURCE: FI:066

SOURCE: Ganti, A. (2022, May 27). *What is a budget? Plus 10 budgeting myths holding you back*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/b/budget.asp>

26. C

Investing. Using money to make money is called investing. Saving is setting aside part of your current income for future use. Rationing is a function of relative prices that determines who gets the goods and services produced—it is determining how scarce resources will be distributed. Reimbursing involves paying back or refunding money that someone has spent.

SOURCE: FI:270

SOURCE: Picardo, E. (2022, July 22). *Investing explained: Types of investments and how to get started*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/i/investing.asp>



27. C  
17. If you are 17 now, the best age to begin investing is 17! The sooner you begin to take advantage of the compounding growth of the stock market, the better. Compounding is your best friend, because right now, time is on your side. As a teenager, you have more years ahead of you to invest than your grandparents, your parents, and even your older siblings. Waiting until you're 25, 27, or 32 could cost you hundreds of thousands of dollars.  
SOURCE: FI:270  
SOURCE: Picardo, E. (2022, July 22). Investing explained: *Types of investments and how to get started*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/i/investing.asp>
28. D  
How long your money is invested. The most important factors to consider in compounding growth are how much money you invest, how much your investment grows each year, and how long your money is invested. Investing is using money to make money, which means that if you invest money in the stock market, for example, you are likely to make an average of 10% each year. As the years pass, your investment will grow tremendously because you will be earning interest on interest. So, it is beneficial to invest for as long as possible to earn the largest amount of compound interest as possible. How you earn the money that you invest, your educational background and career, and your mutual fund manager's education have a much smaller impact on compounding growth than time does.  
SOURCE: FI:270  
SOURCE: Picardo, E. (2022, July 22). Investing explained: *Types of investments and how to get started*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/i/investing.asp>
29. D  
\$5,850. Subtract liabilities (credit card debt) from assets (car value, savings account and computer value) to calculate net worth.  $(\$6,000 + \$250 + \$100) - \$500 = \$5,850$ .  
SOURCE: FI:562  
SOURCE: Charles Schwab & Co., Inc. (2022). *Your personal net worth*. Retrieved March 16, 2023, from <https://www.schwabmoneywise.com/essentials/personal-net-worth>
30. B  
No, because net worth includes assets that are not liquid. Net worth is calculated by subtracting all liabilities (current and long-term) from all assets (both liquid and those that cannot be easily converted to cash). Luke may not have \$5,000 in cash available to pay for the computer. A positive net worth indicates he has more assets than liabilities in this scenario. Even though he could sell some of his less liquid assets, such as real estate, he would likely need to pay for the computer before he can sell his assets.  
SOURCE: FI:562  
SOURCE: Charles Schwab & Co., Inc. (2022). *Your personal net worth*. Retrieved March 16, 2023, from <https://www.schwabmoneywise.com/essentials/personal-net-worth>

31. A

Earnings. Her employer will have kept track of her earnings and withheld the correct amount from each paycheck. She will not pay a tax on property because she does not own land or real estate. She has not inherited any money from a relative, or received a large gift of money so she will not have to pay taxes on wealth. She pays taxes on purchases when she makes those purchases, not when she prepares her income taxes.

SOURCE: FI:067

SOURCE: Huggins, T. (2023, March 3). *How to read a pay stub*. Retrieved March 16, 2023, from <https://www.investopedia.com/how-to-read-your-paycheck-5094518>

32. A

Amount due on an inheritance. A tax liability is a debt, or the total amount of tax an individual owes. There are many types of taxes, and one of them is an inheritance tax. When individuals receive an inheritance, they usually have to pay tax on at least a portion of the inheritance based on the amount of the inheritance. The inheritance tax is a debt that individuals must pay when they receive an inheritance. Deductions for a charitable contribution, interest paid on a mortgage, and the value of an exemption reduce the tax liability on the amount of income that a person earns.

SOURCE: FI:067

SOURCE: Investopedia. (2022, October 26). *Tax liability: Definition, calculation, and example*. Retrieved March 13, 2023, from <https://www.investopedia.com/terms/t/taxliability.asp>

33. A

\$1,014.11. Gross earnings are an employee's wages before taxes and other deductions, such as medical insurance and union dues, are withheld from their paycheck. Net pay is the amount of money the employee receives in their paycheck after deductions are subtracted. Employers provide an itemized list of earnings and deductions on the employee's pay stub. To calculate Jason's gross earnings for the pay period, add his net pay, total tax obligation, medical insurance, and union dues together ( $\$796.84 + \$157.27 + \$45.00 + \$15.00 = \$1,014.11$ ).

SOURCE: FI:068

SOURCE: Huggins, T. (2023, March 3). *How to read a pay stub*. Retrieved March 16, 2023, from <https://www.investopedia.com/how-to-read-your-paycheck-5094518>

34. C

Health insurance. Payroll deductions are monies that an employer withholds from an employee's gross earnings. A large portion of the deductions is the various income taxes, which the employer pays to the government on behalf of the employee. Other deductions might include health insurance premiums, voluntary savings, and child-support payments. Net pay is the amount the employee receives in their paycheck after the deductions have been subtracted from the gross earnings. Gross earnings are income before deductions. Overtime hours are the number of hours an employee works over their regular schedule. Pay rate is the amount of pay a worker earns at a set interval (e.g., an hour).

SOURCE: FI:068

SOURCE: Huggins, T. (2023, March 3). *How to read a pay stub*. Retrieved March 16, 2023, from <https://www.investopedia.com/how-to-read-your-paycheck-5094518>

35. D

Don't sign blank checks that could be filled out by a dishonest person. Although this seems like it'd be an obvious safeguard, it happens frequently when people don't know the name and/or amount for the check. They sign the check and carry it around. If the check is lost, a dishonest person can make the check payable for any amount they choose. Checks should be filled out in ink so that dishonest people can't alter them. Avoid making the check out to "Cash." If the check is lost, anyone can cash it. Your signature should be as close to the same as possible each time you sign a check so that banks can spot forged checks.

SOURCE: FI:560

SOURCE: Pritchard, J. (2022, October 12). *How to write a check: A step-by-step guide*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/how-to-write-a-check-4019395>

36. B

The spelled out check amount is used if the numbers are unclear. The spelled out check amount is relied on when the bank or check recipient cannot easily decipher the numbers recorded on the check. The "Pay to the order of" line identifies who can cash the check. The bank's routing number appears in the MICR line at the bottom of your check. The memo line is used to designate the check's purpose.

SOURCE: FI:560

SOURCE: Pritchard, J. (2022, October 12). *How to write a check: A step-by-step guide*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/how-to-write-a-check-4019395>

37. C

Back of the check. Endorsement involves signing the back of the check, which allows the funds to be transferred from the payer (check source) to the payee (check recipient). The payer completes the front of the check, which includes the "Signature" line and the "Pay to the order of" line, which identifies who can cash the check—usually the payee. The memo line is used to identify the purpose of the check.

SOURCE: FI:560

SOURCE: Pritchard, J. (2022, October 12). *How to write a check: A step-by-step guide*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/how-to-write-a-check-4019395>

38. C

As soon as each check is written. To keep accurate records, you need to record all information in the check register as each transaction occurs. Otherwise, the date, check number, or check amount may be recorded inaccurately. Waiting to record check information can result in difficulties with balancing bank statements when they arrive. This could also result in checks being returned to you for inadequate funds.

SOURCE: FI:069

SOURCE: Pritchard, J. (2022, October 12). *How to write a check: A step-by-step guide*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/how-to-write-a-check-4019395>

39. D

DEP. When entering a transaction in your checkbook register, you should describe the transaction, record the transaction date, indicate the amount of the debit or credit, and use a code or number to identify the transaction type. Deposits to your account (such as biweekly pay) are marked with a "D" or "DEP." Debit card transactions are coded "DC." Transfers between your accounts are marked "T." ATM withdrawals, of course, are coded "ATM." When entering a check that you have written, you should record the check number.

SOURCE: FI:069

SOURCE: MyCreditUnion.gov. (2018, June 29). *Understanding a check and balancing a checkbook*. Retrieved March 16, 2023, from <https://mycreditunion.gov/life-events/checking-credit-cards/checking/balancing-checkbook>

40. A

You know how much money is actually available to you without waiting. When you record your deposits and withdrawals immediately in your check register, you know exactly how much money you have available. If you rely only on your online bank account activity, some transactions won't show up immediately, and you may end up thinking you have more money than you do. A physical check register also gives you the benefit of being able to balance your check book and make sure the bank hasn't made any errors with your money. A physical check register takes more time to maintain than just relying on your online bank information, but it's time well spent! You don't use a check register to keep track of credit card transactions (although you do want to make sure you record your monthly payments to the credit card company). Though there may be errors on online bank statements, they are usually accurate. It's still important to maintain a check register, so you'll know if any mistakes do happen.

SOURCE: FI:069

SOURCE: Pritchard, J. (2022, October 12). *How to write a check: A step-by-step guide*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/how-to-write-a-check-4019395>

41. D

Checks that have not cleared. Reconciling bank statements involves comparing the entries in a checkbook with the entries listed on the bank statement. In many cases, the balance will be different because checks have been written that have not cleared the bank. Therefore, these amounts will not appear on the bank statement. To verify the actual amount in the account, it is necessary to subtract the checks that have not cleared from the balance listed on the bank statement. When reconciling bank statements, it is not necessary to consider the number of transactions, services not available online, or the types of payroll deposits.

SOURCE: FI:070

SOURCE: Pritchard, J. (2022, October 12). *How to write a check: A step-by-step guide*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/how-to-write-a-check-4019395>

42. B

Subtract fees and charges. To complete checkbook balancing, Matt needs to subtract fees and charges. Some financial institutions charge a monthly fee on bank accounts, especially those with less than a certain balance. They also have charges for new checks, bounced checks, etc. All of these charges must be subtracted from the balance in the check register to obtain an accurate monthly balance. Interest is added to, not subtracted from, the check register balance. Matt does not need to call the bank for a new statement just because the latest deposit is not on his current statement. He does need to subtract fees and charges and add any interest before he can consider everything done.

SOURCE: FI:070

SOURCE: Pritchard, J. (2022, October 12). *How to write a check: A step-by-step guide*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/how-to-write-a-check-4019395>

43. B

Late fee. Credit-card issuers often charge late fees for payments that do not arrive on time. Some credit-card issuers charge application fees, which involves billing a customer for applying for credit. Processing fees are charges to complete certain activities. Over-limit fees are charges applied for credit transactions that go over or exceed the credit-card holder's credit limit.

SOURCE: FI:071

SOURCE: Irby, L. (2022, June 19). *The consequences of making a late credit card payment*. Retrieved March 16, 2023, from <https://www.thebalancemoney.com/four-consequences-of-a-late-credit-card-payment-961070>

44. B

Annual percentage rate. The annual percentage rate (APR) is the interest paid on the portion of the bill Sheila does not pay each month. An annual fee is a once-a-year payment made to the credit card company that permits the person to use the company's credit card. A late fee is issued when a person does not submit any payment at all by the monthly due date. An overdraft fee is charged by a bank when a customer writes a check for more money than is in their checking account.

SOURCE: FI:782

SOURCE: Bank of America. (2023). *What is an APR?* Retrieved March 16, 2023, from <https://bettermoneyhabits.bankofamerica.com/en/credit/what-is-apr>

45. A

Obtain a bank loan. Credit is the arrangement by which businesses can purchase now and pay later. A credit agency is a business that maintains files of credit information on individuals and businesses. It is important to make sure that credit agencies have accurate information about your credit history because other businesses purchase the reports to make decisions about extending credit or providing a loan to you. Your credit history does not necessarily affect your ability to pay your bills, your ability to declare bankruptcy, or your ability to sell assets.

SOURCE: FI:072

SOURCE: Alexander, C. (2022, October 27). *Where to get a personal loan*. Retrieved March 16, 2023 from <https://www.nerdwallet.com/article/loans/personal-loans/personal-loan-bank-credit-union>

46. C

Authorized credit bureau. It is a good idea for people to verify that their credit is accurate by reviewing their credit-history reports. By reviewing their credit-history reports, people can determine if there are any problems (e.g., identity theft) or discrepancies on the report and work to get them resolved. These reports are available by contacting an authorized credit bureau. People do not routinely obtain credit-history reports from a credit compliance office, a judicial bankruptcy court, or debt collection agency.

SOURCE: FI:072

SOURCE: Consumer Financial Protection Bureau. (2023, January 23). *How do I get a copy of my credit reports?* Retrieved March 16, 2023, from <https://www.consumerfinance.gov/ask-cfpb/how-do-i-get-a-copy-of-my-credit-reports-en-5>

47. D

Information in your credit report can impact how much you pay to borrow money. Many financial advisors recommend that you validate your financial credit history annually for several reasons. First of all, information in your credit report can impact whether you get a loan as well as how much you pay to borrow money. Secondly, you should review your credit report annually to ensure that information that appears in the report is correct, complete, and current. Thirdly, by reviewing your credit report, you can ensure that you are not the victim of identity theft. Your financial credit history does not impact your return on stock investment nor appear in your social networking profiles. Although many employers review your financial credit report before hiring you, most universities do not review your credit history before accepting you as a student.

SOURCE: FI:072

SOURCE: Federal Trade Commission. (2021, May). *Disputing errors on your credit reports.* Retrieved March 16, 2023, from <https://consumer.ftc.gov/articles/disputing-errors-your-credit-reports>

48. B

Use unusual passwords rather than your birth date to access your bank accounts. Identity theft occurs when somebody uses another individual's name and personal information (e.g., credit cards) for fraudulent purposes. Identity theft can occur even when you take precautions. To reduce the risk of identity theft, use unusual passwords to access your personal bank accounts rather than common information such as your birth date. To further prevent identity theft, do not place your Social Security number or social insurance number on unnecessary documents. Many people do not have passports. Paying with cash is not always a good idea because cancelled bank checks serve as a receipt for payments. If you pay your bills by sending cash, the envelope may get lost, and you have no record of making the payment. In addition, using credit cards wisely can help you build a good credit report, which will help you obtain loans for expensive items (e.g., car) in the future.

SOURCE: FI:073

SOURCE: UC Santa Barbara Information Technology. (2023). *Password best practices.* Retrieved March 16, 2023, from <https://www.it.ucsb.edu/secure-compute-research-environment-user-guide/password-best-practices>

49. B

Damage to credit history. If steps are not immediately taken to rectify any damages caused by identity theft, the victim of the theft could spend years trying to rebuild their credit and savings. If one's identity is stolen, they will not need to get a new identity. Unemployment and homelessness are not results of having one's identity stolen.

SOURCE: FI:073

SOURCE: Consumer.gov. (n.d.). *Recovering from identity theft*. Retrieved March 16, 2023, from <https://consumer.gov/scams-identity-theft/recovering-identity-theft>

50. D

Shredding old bank statements. One way that thieves obtain others' personal information (e.g., bank-account numbers, credit-card numbers) is by going through trash cans and dumpsters. Using a paper shredder to destroy old bank and credit-card statements makes it more difficult for thieves to obtain personal financial information. Disabling computer virus software and storing passwords on web browsers lower the computer user's security, which increases the risks associated with computer hacking. Photocopying credit-card receipts is not an action that reduces the risk of identity theft.

SOURCE: FI:073

SOURCE: Black, M.L. (2023, February 7). *5 types of mail you can safely throw away (and 4 you can't)*. Retrieved March 16, 2023, from <https://www.rd.com/article/mail-you-can-throw-away>

51. A

Penalty. A penalty is a punishment. The government depends on income tax to support public programs. When people do not provide income tax information when it is needed, the government often imposes a penalty, usually a fine or fee. Ongoing failure to report income can result in imprisonment. The government does not offer a refund or allowance for missing an important deadline. However, a person can file for an extension to avoid being penalized for missing a filing deadline.

SOURCE: FI:074

SOURCE: IRS. (2023, February 8). *Eight facts on late filing and late payment penalties*. Retrieved March 16, 2023, from <https://www.irs.gov/newsroom/eight-facts-on-late-filing-and-late-payment-penalties>

52. A

\$38,394. Janine's taxable income is equal to her gross income plus taxable interest minus her standard deduction and exemption amounts. The first step in calculating Janine's taxable income is adding together her gross income and taxable interest ( $\$47,355 + \$389 = \$47,744$ ). This sum is her adjusted gross income. Then, subtract the single standard deduction and exemption amount from her adjusted gross income ( $\$47,744 - \$5,700 - \$3,650 = \$38,394$ ).

SOURCE: FI:074

SOURCE: Kagan, J. (2023, February 9). *Taxable income: What it is, what counts, and how to calculate*. Retrieved March 16, 2023, from <https://www.investopedia.com/terms/t/taxableincome.asp>

53. A

Tax deductions. Tax deductions are expenses that can be subtracted from gross income. For example, charitable donations can be claimed as tax deductions on an individual's personal tax return. The tax filer may need to provide a receipt for donations that exceed a certain amount of money. Other examples of tax deductible expenses include college tuition, home-mortgage interest, and child care. Charitable donations are not claimed on tax returns as public property, living expenses, or discretionary income.

SOURCE: FI:074

SOURCE: Faris, S. (2018, August 27). *Tax deduction vs. exemption*. Retrieved March 16, 2023, from <https://finance.zacks.com/tax-deduction-vs-exemption-2734.html>

54. A

Commercial bank. A commercial bank provides a variety of financial services to individuals and businesses. Besides providing savings accounts and other savings options, banks also make loans and offer credit cards. Many large banks have trust departments and help individuals plan for retirement. Depending on the size of the bank, it may be possible to obtain all necessary financial services from that institution. The stock market itself does not provide financial services. A taxation department collects various types of taxes. A retirement community provides housing rather than financial services.

SOURCE: FI:075

SOURCE: Kagan, J. (2023, January 23). *How do commercial banks work, and why do they matter?* Retrieved March 16, 2023, from <https://www.investopedia.com/terms/c/commercialbank.asp>

55. C

Local bank. Local banks are typically more conservative, but they understand the needs of small-business owners. Once a positive relationship is established with a local bank, Chris can use the bank to finance short-term loans for inventory and equipment. This makes them a good choice for financing the opening of a small business. National banks are more likely to give loans to large corporations than to small start-up businesses. Insurance providers do not give out loans. A mortgage company specializes in real-estate (property) loans. There is not enough information provided about Chris's business venture to determine if he wants to purchase an existing property or build a new facility.

SOURCE: FI:075

SOURCE: Banks.com. (2020, September 3). *Community banks vs. big banks: Why you should consider banking locally*. Retrieved March 16, 2023, from <https://www.banks.com/articles/banking/community-banks-vs-big-banks>



56. C  
Purchase real estate. Mortgages are loans specifically designed for the purchase of real estate—land, residences, and other types of buildings. Individuals may want to purchase a home to live in or an apartment building to lease to others. Apartment buildings allow individuals to generate income by renting apartment space to others. To transfer risk, individuals purchase various types of insurance from insurance companies. To invest in the stock market, an individual is likely to consult with a stockbroker or a financial planner. Deposit-taking institutions (e.g., retail banks) provide savings accounts on which individuals can earn interest.  
SOURCE: FI:075  
SOURCE: Arthur, L. (2023, February 21). *What is a mortgage company?* Retrieved March 16, 2023, from <https://www.wisegeek.net/what-is-a-mortgage-company.htm>
57. D  
Verify credentials. When selecting a financial-services provider, it is important to make sure that the provider is qualified. One way to do this is to verify the provider's credentials. In many areas, financial-services providers must pass an exam or obtain a license. These credentials verify that the provider has the necessary training and background to give financial advice, help develop financial plans, and make investments. Individuals organize their records before meeting with a financial-services provider. Tax forms are completed in accordance to government regulations. Planning an investment takes place after selecting a qualified provider.  
SOURCE: FI:076  
SOURCE: Coombes, A. (2022, December 14). *10 questions to ask a financial advisor*. Retrieved March 16, 2023, from <https://www.nerdwallet.com/article/investing/10-questions-ask-financial-advisor>
58. C  
How are your fees structured? Because financial planners are compensated in different ways, it is important to consider the fee structure when selecting a financial-services provider. Some financial planners charge a flat fee, while others base their fees on the number and size of transactions. Some financial planners charge for research and consulting time. Therefore, it is important to ask financial planners about their fee structures, so investors can determine if they can afford the fees. A financial planner may provide references for a potential client, but the potential client does not generally need to provide the financial planner with references. It is inappropriate to ask the financial planner about their personal income. Where the financial planner attended school is irrelevant.  
SOURCE: FI:076  
SOURCE: Coombes, A. (2022, December 14). *10 questions to ask a financial advisor*. Retrieved March 16, 2023, from <https://www.nerdwallet.com/article/investing/10-questions-ask-financial-advisor>

59. C  
Setting aside money for retirement. The main emphasis of retirement planning early in one's career is saving money for the purpose of retirement. Near the end of one's career, adjustments help protect acquired wealth that is needed for retirement. Monthly payouts should not occur until one has reached retirement. Employees do not match employer's contributions. Some employers, however, match a percent of employee contributions to help employees meet retirement goals.  
SOURCE: FI:569  
SOURCE: Kagen, J. (2023, January 9). *What is retirement planning? Steps, stages, and what to consider*. Retrieved March 13, 2023, from <https://www.investopedia.com/terms/r/retirement-planning.asp>
60. B  
Provide borrowers yearly access to their credit reports for free. Credit reporting agencies are generally required to provide borrowers a yearly credit report for free. Further requests for credit reports may be granted, but may cost additional money or may hurt the individual's credit score. Credit reporting agencies are not usually required to provide unlimited free access to credit reports. In many countries, credit reporting agencies are not required to remove criminal history from a borrower's credit report. In fact, criminal history is sometimes required to remain on a person's credit report. Credit reporting agencies are generally required to remove inaccurate credit information (provided that it can be verified as inaccurate) from a borrower's credit history within a reasonable amount of time.  
SOURCE: FI:063  
SOURCE: Fay, B. (2021, December 16). *Fair credit reporting act*. Retrieved March 13, 2023, from <https://www.debt.org/credit/your-consumer-rights/fair-credit-reporting-act>
61. A  
401(k) plan and life insurance. Benefits are advantages or payments employees receive in addition to their wages (e.g., sick time, holiday pay, life insurance, health insurance, or 401(k) plan, which is an employee-sponsored, tax-deferred retirement plan). Benefits packages do not typically include a company's income statement.  
SOURCE: FI:068  
SOURCE: Indeed. (2023, March 10). *Employee benefits package: Definitions, types, and tips*. Retrieved March 13, 2023, from <https://www.indeed.com/career-advice/pay-salary/benefits-package>
62. C  
Annual percentage rate. Annual percentage rate, APR, is a rate of interest expressed as a yearly percentage. APR essentially tells you how much it will cost you to take out a specific loan. Comparing the APRs of different loans can help you make the best choice for your financial situation. Origination fees are fees charged by lenders for approved loans. A loan's repayment terms are the conditions for repayment—such as the length of the repayment period and the interest rate. Credit score is a rating assigned to a borrower based on previous loans.  
SOURCE: FI:625  
SOURCE: Fernando, J. (2023, February 9). *Annual percentage rate (APR): What it means and how it works*. Retrieved March 13, 2023, from <https://www.investopedia.com/terms/a/apr.asp>

63. C

Nothing. Tax-exempt means that the shelter doesn't have to pay taxes. Because the animal shelter is a tax-exempt organization, it does not have to pay taxes. As a result, Miguel is unaffected. He will not pay double the taxes on his contribution or receive a tax rebate from the government. Miguel will still need to pay taxes for the year in which he donates.

SOURCE: FI:567

SOURCE: Kagan, J. (2023, February 24). *What does it mean to be tax exempt or have tax-exempt income?* Retrieved March 15, 2023, from [https://www.investopedia.com/terms/t/tax\\_exempt.asp](https://www.investopedia.com/terms/t/tax_exempt.asp)

64. D

Higher prices. Businesses that offer credit to their customers usually charge higher prices for their goods and services than those that do not. This change in the pricing element of the marketing mix helps businesses recover the costs of extending credit. Interest rates are fees the lender charges the borrower for the use of the money. Annual fees are yearly fees charged for the privilege of using a bank credit card. Finance charges are interest charges on credit accounts that are not paid in full at the end of each payment period. They are usually a percentage of the total amount due.

SOURCE: FI:002

SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

65. B

Government bonds. These bonds are issued by various levels of government, from the local to the national level. Government bonds are considered one of the safest types of investments because they are backed by the government. Although government bonds do not pay high interest rates, they are safe and a good investment for individuals who cannot afford to risk losing their investment. Penny stocks are very inexpensive, but their value can go up or down quickly. Commodities and precious metals are considered high risk investments because of the fluctuations in price and value.

SOURCE: FI:077

SOURCE: U.S. Securities and Exchange Commission. (n.d.). *What are bonds?* Retrieved March 16, 2023, from <https://www.investor.gov/introduction-investing/investing-basics/investment-products/bonds-or-fixed-income-products/bonds>

66. C

Stock mutual funds. Stock mutual funds are ownership investments that allow access to an "expert" manager—called a fund manager. Collecting popular items may or may not involve a manager. You can collect on your own, if you want to. The same with purchasing real estate: You are not given access to any expert, in particular. And, stock purchases do not provide an "expert" to help you.

SOURCE: FI:077

SOURCE: LAP-FI-077—Invest for Success (Types of Investments)

67. C

Stocks. Stocks, mutual funds, real estate, and collectibles are moderate- and high-risk ownership investments that provide opportunities for return by letting you own something of significance. A stock is a piece of paper—whether real or virtual—that says you own part of a corporation. As an owner (or shareholder), you have the rights and responsibilities of ownership. You may be able to sell your stocks for a profit, making a sizeable sum of money. But, being an owner means you risk losing money, too, if the corporation suffers financially or goes out of business. Bonds, savings accounts, and certificates of deposit are lending investments. With a lending investment, you allow someone to borrow your money for a period of time—for a price. The extra money you receive provides the motivation for lending. Investors who can't handle much risk put their money into lending investments. Since Logan is willing to accept a moderate or high risk in exchange for the potential of a moderate or high return, he should invest in stocks.

SOURCE: FI:077

SOURCE: LAP-FI-077—Invest for Success (Types of Investments)

68. D

401(k) plans. Many employers offer 401(k) plans, which are defined-contribution pension plans, to their employees. Employees contribute to their 401(k) plans on a pretax basis, and many employers match employees' contributions up to a certain percentage. Both the employee's and employer's contributions become part of the employee's nest-egg for retirement. A traditional IRA (individual retirement account) is a personal savings plan that an employee can set up independent of their employer. Contributions to a traditional IRA are usually tax deductible, but the money in the account is taxed when it is withdrawn during retirement. Money contributed to a Roth IRA is not tax deductible, but the money withdrawn from a Roth IRA during retirement is not taxed. A Keogh plan is a defined contribution pension plan specifically for self-employed individuals. Contributions to a Keogh plan are typically tax-deductible, but withdrawals from the account during retirement are taxed.

SOURCE: FI:569

SOURCE: IRS. (2023, February 6). *401(k) plans*. Retrieved March 16, 2023, from <https://www.irs.gov/retirement-plans/401k-plans>

69. D

The person's highest level of technical training and education. A number of factors affect the amount of Social Security benefits that a person receives at retirement. These factors include the person's total earnings over their working career (higher earnings equate to higher benefits), the person's age at the time that they start receiving benefits (benefits will be lower if the person starts receiving them prior to reaching the full retirement age), and if the person is a retired government employee, any pension that they receive from the government (a government pension tends to lower the Social Security benefits received). Although a person's highest level of technical training and education often impacts their lifetime earnings and career choice, training and education do not directly impact a person's Social Security benefits.

SOURCE: FI:569

SOURCE: Investopedia. (2022, November 2). *How are social security benefits affected by your income?* Retrieved March 16, 2023, from <https://www.investopedia.com/ask/answers/102714/how-are-social-security-benefits-affected-your-income.asp>

70. B

Yes, you can buy renter's insurance. Renter's insurance is a form of liability coverage that can be purchased by those who rent or lease property to cover their possessions. The owner of the property should buy homeowner's insurance to cover the property. Life insurance would not protect your belongings as it is not paid out until the death of the policyholder.

SOURCE: FI:081

SOURCE: Allstate. (2021, November). *What is renters insurance?* Retrieved March 16, 2023, from <https://www.allstate.com/resources/renters-insurance/what-does-renters-insurance-cover>

71. C

Increase the amount of their deductible. By increasing the amount of their deductible, people accept more risk, thereby reducing the carrier's risk. This results in reduced monthly premiums for individuals. However, if the person uses healthcare services, they would have more out-of-pocket expenses than with a lower deductible. Making quarterly payments will not impact the cost of insurance coverage. Increasing the amount of liability coverage would increase a person's insurance costs; however, liability coverage is not an aspect of health insurance coverage. Enrolling in the carrier's disability coverage would increase a person's monthly costs.

SOURCE: FI:081

SOURCE: Money instructor. (2002-2023). *Insurance basics: What can be covered.* Retrieved March 16, 2023, from <https://www.moneyinstructor.com/doc/insurancecoverage.asp>

72. A

Life insurance. Insurance is a contractual agreement in which one company (insurer) will pay for specified losses incurred by the other company (insured) in return for installment payments (premium). Many individuals purchase life insurance policies to ensure that their loved ones receive financial support in the event of death. Life insurance is a wise purchase for an individual whose loved ones (e.g., spouse, children, parents, etc.) would suffer financially without the deceased's income. Disability insurance provides financial support in the event that you cannot work due to an injury or illness. Health insurance helps to cover the cost of medical expenses. Renter's insurance protects you from loss in the event that your personal property is damaged or lost while living in a rented apartment or house.

SOURCE: FI:081

SOURCE: Fontinelle, A. (2022, December 22). *Life insurance: What it is, how it works, and how to buy a policy.* Retrieved March 16, 2023, from <https://www.investopedia.com/terms/l/lifeinsurance.asp>

73. C  
Direct withdrawal. This occurs when one account holder (Juliet and Tony) gives permission to another account holder (the daycare center) to automatically take funds from their bank account. This typically occurs on a regular basis (monthly) for a fixed amount. Online bill pay is when a consumer uses the internet to pay bills through their bank. Manual bill pay involves physically giving cash or check as payment. An endorsement is a signature on the back of the check that entitles the payee to receive payment or transfer payment.  
SOURCE: FI:565  
SOURCE: GoCardless. (2022, February). *What is direct debit? A guide for payers*. Retrieved March 16, 2023, from <https://gocardless.com/en-us/guides/intro-to-direct-debit/guide-for-payers>
74. A  
Lien. A lien occurs when a homeowner owes debt to someone or an organization that is not the mortgage holder. It means that when the home is sold, money from the sale is first used to pay any lien holders. A garnishment occurs when a creditor takes payment directly from a debtor's wages. Repossession occurs when a debtor does not make payments on an asset (typically a vehicle), and the loan holder takes back the asset. Debt consolidation is a process in which a consumer's debts (such as mortgage, car loan, etc.) can be combined into one monthly payment that is manageable for the consumer.  
SOURCE: FI:565  
SOURCE: The Free Dictionary. (2023). *Lien*. Retrieved March 16, 2023, from <https://legal-dictionary.thefreedictionary.com/lien>
75. B  
Paying your accounts at the billers' web sites. Although billers allow you to pay your bills at their web sites for free, it will take you longer to go to each biller's web site, enter your credit-card information, and pay each bill. Using the services of others to expedite bill payment will generally cost a monthly fee; however, these services will take less time to use.  
SOURCE: FI:565  
SOURCE: Dove, L.L. (2023). *Is it safe to pay bills online?* Retrieved March 16, 2023, from <https://money.howstuffworks.com/personal-finance/online-banking/is-it-safe-to-pay-bills-online.htm>
76. A  
Bankruptcy. Bankruptcy is the last-resort action for poor credit. Late payments, liens, and collection agency reports all appear on a credit report, but none have as negative of an impact as bankruptcy.  
SOURCE: FI:568  
SOURCE: Johnson, H.D. (2022, October 28). *What is bankruptcy and how do I avoid it?* Retrieved March 16, 2023, from <https://www.bankrate.com/personal-finance/debt/bankruptcy>

77. B

Think long term and be realistic about income and expenses. When taking on debt, you need to be honest about whether you will be able to repay the debt. You have to think about whether there are anticipated changes in your income and expenses over the life of the debt that would keep you from repaying it. Impulse buying creates unmanageable debt rather than avoids it. Debt payments must be made in a timely manner. If you anticipate that timely repayment will be a problem, don't consider taking on additional debt. Although co-signers may be needed to obtain a loan, you should understand that both your credit rating and that of the co-signers will be damaged by your late payment.

SOURCE: FI:568

SOURCE: FindLaw. (2016, April 16). *Tips for avoiding debt*. Retrieved March 17, 2023, from <https://www.findlaw.com/bankruptcy/debt-relief/tips-for-avoiding-debt.html>

78. D

Owning a home. Net worth is the value of everything you own minus everything you owe. Net worth includes assets such as a home. However, you must own the home for it to be considered an asset that contributes to personal net worth. Renting an apartment does not increase your personal net worth because you do not own the apartment. Using a credit card and leasing a car take away from your personal net worth rather than increasing it because they are debts you must pay.

SOURCE: FI:562

SOURCE: Nolan, P. (2022, July 11). *What is net worth?* Retrieved March 14, 2023, from <https://www.thebalance.com/what-is-your-net-worth-1289788>

79. A

Validating credit history. If Eric had not checked his credit score, he would not have known that the credit bureau mishandled his report. This example shows one of the steps for buying a house, but it is not an example of the importance of buying a house. Paying rent on time is one way to develop good credit; neither are truly illustrated in this example.

SOURCE: FI:072

SOURCE: Equifax. (2023). *Why should I check my credit reports and credit scores?* Retrieved March 13, 2023, from <https://www.equifax.com/personal/education/credit/report/why-check-your-credit-reports-and-credit-score>

80. B

Truth-in-Lending Act. The Truth-in-Lending Act requires businesses to provide credit customers with all the information that applies to their accounts and send customers regularly updated statements showing the status of their accounts. The purpose of the Equal Credit Opportunity Act is to make the granting of credit fair by prohibiting the denial of credit based on the applicant's gender, race, age, marital status, or national origin. The Fair Credit Billing Act requires businesses that extend credit to respond within 30 days to any customer's complaint or inquiry about a billing error. The Fair and Accurate Credit Transactions Act gives consumers the right to inspect the files of their credit history at any credit agency and to have any mistakes corrected.

SOURCE: FI:002

SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

81. A

Graduated repayment. A graduated repayment plan is typically a shorter-term plan where monthly payments begin smaller but gradually increase on an annual or biannual basis. A standard repayment plan involves a fixed fee over a set period of time until the loan is paid off. Jerian's plan includes a payment that increases yearly, therefore it is not a fixed fee. An income-driven plan is a plan that is based on a post-graduate's income. This typically involves paying a certain percentage of one's income. There is no indication Jerian is paying a specific percentage of his income. A consolidation plan is a repayment plan that combines multiple federal loans into one, averaging the interest rates from the different loans.

SOURCE: FI:831

SOURCE: Next Gen Personal Finance. (2022, September 6). *Student loan repayment*. Retrieved February 24, 2023, from [https://docs.google.com/document/d/1xnt7CbRTGJFYh9-0\\_Db6IM2F1hvvhHm08QeHHK19Ibw/edit#](https://docs.google.com/document/d/1xnt7CbRTGJFYh9-0_Db6IM2F1hvvhHm08QeHHK19Ibw/edit#)

82. A

Premium. An insurance premium is a fee paid to an insurance company for providing insurance protection. Insurance companies determine this fee by evaluating many factors relating to the customer to properly account for risk. These factors include age, gender, medical history, and occupation. An insurance copay is a flat fee that an individual pays for a covered health care service. This fee varies depending on the insurance plan, but it is normally a set fee that is not determined by an individual's personal characteristics or history. An insurance deductible is the amount a customer must pay for medical services before their insurance company begins sharing the cost. The deductible amount is normally determined by the individual covered by the plan, and not by the insurance company. An insurance agent is a person who sells insurance policies. They are not typically assigned to a specific individual, nor are they typically assigned based on the individuals age, gender, medical history, or occupation.

SOURCE: FI:571

SOURCE: Cigna. (2023). *How do out-of-pocket costs work?* Retrieved February 24, 2023, from <https://www.cigna.com/knowledge-center/copays-deductibles-coinsurance>

83. C

Pay off some of her credit card debt (15.5% APR). Sherry should use the money to pay off the debt that is costing her the most. In this case (and most of the time), it will be a credit card. In addition, before paying off loans, she should check to make sure that paying off a loan early will not result in a penalty. This is common with home loans. Though saving should be a regular habit for Sherry, she should pay off high interest rate debts before investing in a plan with a low interest rate.

SOURCE: FI:783

SOURCE: Livingston, A. (2022, August 9). *7 best financial decisions young people can make to get ahead*. Retrieved March 17, 2023, from <https://www.moneycrashers.com/best-financial-decisions-young-people>



84. D

Pay those with the highest interest rates first. Paying off the bills with the highest interest rates first helps to reduce the amount of interest a person has to pay on a debt. Paying off the smallest bills first may give a person an emotional charge for getting a debt out of the way; however, this might also be the bill with the lowest interest rate. Paying off the largest bills and those with the lowest interest rates first are not effective ways to pay bills off since both approaches will end up costing you more in the long run.

SOURCE: FI:783

SOURCE: My Money Coach. (2023). *7 smartest things you can do for your finances - Bright ideas for your money*. Retrieved March 17, 2023, from [https://www.mymoneycoach.ca/smartest\\_things\\_for\\_your\\_finances.html](https://www.mymoneycoach.ca/smartest_things_for_your_finances.html)

85. A

Align your financial decisions with your life values. To make responsible financial decisions, you need to determine what is important to you. Once you've figured that out, it's easier to make financial decisions that align with what you consider important—your life values. It's not necessary to obtain the advice of a finance professional every time you make financial decisions. You should make financial decisions based on where you are financially right now rather than where you anticipate being financially in the future. You need to assess the consequences of your financial decisions to avoid spending your money impulsively.

SOURCE: FI:783

SOURCE: Houston, M. (2021, October 28). *How your financial values need to tie into your life*. Retrieved March 17, 2023, from <https://www.forbes.com/sites/melissahouston/2021/10/28/how-your-financial-values-need-to-tie-into-your-life>

86. D

Local fire departments and law-enforcement agencies. Local governments levy property taxes on land, commercial facilities, and residences within their jurisdictions. Revenues collected from property taxes pay for local services including local road repairs, public schools, fire departments, and law enforcement. The federal government uses the tax revenues that it collects in a variety of ways (e.g., income tax) to fund national security programs and federal correctional facilities. State/Provincial governments collect taxes (e.g., sales tax) to support all levels of education and social welfare initiatives within their jurisdictions.

SOURCE: FI:067

SOURCE: U.S. Tax Center. (2018, November 20). *Property tax basics*. Retrieved March 13, 2023, from <https://www.irs.com/en/articles/property-tax-basics>

87. A

Cash; full. Paying the statement in full will assure she does not have to pay extra interest on the balance and will help improve her credit history. Paying in cash is better for her credit history's health than paying with another card because eventually she must pay the money owed on the other card. Paying for one card with another can lead to a downward spiral of credit card debt.

SOURCE: FI:071

SOURCE: Nationwide. (2023). *6 credit card tips for smart users*. Retrieved March 13, 2023, from <https://www.nationwide.com/lc/resources/personal-finance/articles/guide-to-using-credit-card>

88. A

Legal name and annual income. When applying for credit, you typically need to provide information like your legal name, annual income, Social Security number, birth date, and address. An executive summary is the most important part of a company's business or marketing plan because it gives an overview of the entire document. A PIN (personal identification number) is a number chosen by an individual to access an account. Neither an executive summary nor a PIN are typically required when applying for credit.

SOURCE: FI:625

SOURCE: Credit.com. (2015, May 7). *What do I need to apply for a credit card?* Retrieved March 13, 2023, from <https://www.credit.com/blog/what-do-i-need-to-apply-for-a-credit-card-115793>

89. C

The lender; taking a risk. Interest is the cost of borrowing money. Lenders receive interest as compensation for assuming the risk that the borrower will repay the amount due. With every loan, there is a chance that the borrower won't pay it back. Interest is not compensation for the borrower. Interest is also not related to avoiding bad investments.

SOURCE: FI:782

SOURCE: Federal Reserve Bank of St. Louis. (2023). *Paying & receiving interest.* Retrieved March 13, 2023, from <https://www.econlowdown.org/interest?p=yes>

90. C

The cost of rent. When making a financial decision, Taryn can show responsibility by focusing on financial criteria to help guide her choice. She should focus on the cost of rent rather than any other aspects of the apartments so that she chooses the more financially responsible option. While appliances, the size of the bedroom, and the location are important, they will not necessarily help Taryn make the most financially responsible choice.

SOURCE: FI:783

SOURCE: Smith, L. (2021, August 15). *The basics of financial responsibility.* Retrieved March 13, 2023, from <https://www.investopedia.com/articles/pf/09/financial-responsibility.asp>

91. B

Overdraft protection. Overdraft protection is an optional service that ensures an account transaction will clear even if that account doesn't have enough money to cover the transaction. When setting up overdraft protection, a customer will designate a backup account to cover the difference in case the original account has insufficient funds. In Hillary's case, if she has overdraft protection, then her \$50 purchase will go through even though her account only has \$30 in it. Certificates of deposit are lending investments in which individuals lend money to a bank to earn a set rate of interest for a specified period of time. Profit maximization is a profit-oriented pricing objective intended to make the firm the most possible immediate profit. Some banks may charge a transfer fee for clearing a transaction that is greater than available funds, but a transfer fee is not the service that makes sure a transaction goes through.

SOURCE: PD:154

SOURCE: Kagan, J. (2023, February 9). *What is overdraft protection? How it works and do you need it.* Retrieved March 13, 2023, from <https://www.investopedia.com/terms/o/overdraft-protection.asp>

92. B

Ask the caller to send her written information about the charity. To be wise with her donations, Pam should ask the caller to send information about the charity. That way, she can evaluate the organization and make sure it is legitimate. Making a donation immediately or after a few questions will not help Pam assess the legitimacy of the organization. Telemarketers are not necessarily crooks, and ignoring the caller might cause Pam to miss out on a worthwhile donation opportunity.

SOURCE: FI:567

SOURCE: Booker-Drew, F. (2020, April 17). *Donating with impact: A guide to responsible charitable giving*. Retrieved March 16, 2023, from <https://www.publicservicedegrees.org/college-resources/responsible-charitable-giving>

93. C

Setting financial goals. Financial goals are objectives that individuals want to achieve. Deciding to save money to buy a car in two years is a financial goal. Individuals often set financial goals based on a time factor because they have a need that they want to satisfy. In this situation, buying a car in two years is the need that can be satisfied by saving money every month. Deciding to save money is not an investment, although the money that is saved might be invested or placed in a savings account. An individual who decides to save money is not analyzing economic conditions.

SOURCE: FI:065

SOURCE: U.S. Bank. (2023). *How to set financial goals*. Retrieved March 17, 2023, from <https://www.usbank.com/wealth-management/financial-perspectives/financial-planning/how-to-set-financial-goals.html>

94. D

Sales. Sales tax is a fee that the government charges on retail products. Businesses collect sales taxes from the customers and pay the government the taxes at set intervals. Property tax is a tax on land and buildings. An excise tax ("sin" tax) is a specific type of sales tax on specific goods such as gasoline, cigarettes, and alcohol. Excise taxes are often included in the price of the product. Income tax is a tax on the income a person earns, such as wages earned by performing work for an employer.

SOURCE: FI:067

SOURCE: Kagan, J. (2020, May 31). *What is sales tax? Definition, examples, and how it's calculated*. Retrieved March 17, 2023, from <https://www.investopedia.com/terms/s/salestax.asp>

95. D

Deposits and credits. A bank statement is a summary of all transactions that occur for a certain period of time, usually one month. The bank statement will indicate the day, amount, and transaction type on the statement. The account holder compares the bank statement with their checkbook to determine problems or discrepancies. Ian's employer is electronically putting his paycheck into his account; therefore, the amount will be recorded as a deposit (credit) since money is being added to the account on Ian's behalf. The withdrawals and debits column on the bank statement records all of Ian's withdrawals (debits). Ian's bills are located in this column—rent, car payment, groceries, etc.

SOURCE: FI:070

SOURCE: Barone, A. (2022, March 8). *What is a bank statement: Definition, benefits, and requirements*. Retrieved March 17, 2023, from <https://www.investopedia.com/terms/b/bank-statement.asp>

96. C

Manage your spending. When you have one or two credit cards, it is easier to manage your spending because you have a limited amount of purchases that you can place on each card. With fewer cards, it is easier to track your purchases and this may enable you to pay more than the minimum amount due on each card, which helps you to reduce your debt more quickly. Having one or two credit cards may not enable you to buy everything that you want, but it can help you prioritize your needs and wants so you don't overspend. The credit card service provider establishes the policies for transaction fees and credit limits, regardless of the number of credit cards that you hold.

SOURCE: FI:071

SOURCE: Hardekopf, B. (2022, August 19). *10 typical credit card mistakes (and how you can avoid them)*. Retrieved March 17, 2023, from <https://www.forbes.com/sites/billhardekopf/2022/08/19/10-typical-credit-card-mistakes-and-how-you-can-avoid-them>

97. A

Considered how interest increases the cost of credit. Before he purchased the TV using a credit card, Andrew should have calculated the total cost of his purchase—including interest and fees. Interest can significantly increase the price of a purchase and can cause individuals to pay for items over a much longer period of time than they originally anticipated. Opening a new credit account before purchasing the TV would not have minimized Andrew's responsibility for the purchase; it would have simply transferred his payments to another creditor. Andrew should not necessarily have looked for another job before purchasing the TV—if he truly couldn't afford it with his current income, he should not have bought it. It would be unwise to take money out of his savings account to pay for the TV.

SOURCE: FI:782

SOURCE: CreditPlus. (2023). *Cost of credit*. Retrieved March 17, 2023, from <https://www.creditplus.co.uk/car-finance-glossary/cost-of-credit>

98. C  
Education and licensure. When selecting a financial-services provider, it is important to make sure that the provider is qualified. One way to do this is to verify the provider's credentials. In many jurisdictions, financial-services providers must pass an exam to obtain a license. These credentials verify that the provider has the necessary training and background to give financial advice, help develop financial plans, and make investments. When selecting a financial planner, their personal goals and living expenses are not primary considerations.  
SOURCE: FI:076  
SOURCE: Schmidt, J. (2023, February 16). *How to choose a financial advisor*. Retrieved March 17, 2023, from <https://www.forbes.com/advisor/investing/how-to-choose-a-financial-advisor>
99. D  
Create a budget, and stick to it. The best way to avoid debt is to not spend more money than you have. This means creating a budget and sticking to it! Sometimes big purchases (such as cars, houses, or a college education) are necessary, but they should never be impulse buys. Big purchases should be planned (and budgeted) for. Making just the minimum payment each month can lead to lots of interest, which you don't want if you're trying to avoid debt. If possible, you should always pay off the full balance on your credit card. Using credit cards for purchases you can't afford is dangerous and can quickly lead to excessive debt if you aren't careful. It's a good idea not to charge purchases to your credit card if you know you won't be able to pay for them when your bill comes.  
SOURCE: FI:568  
SOURCE: Dantus, C.-R. (2019, June 5). *Budgeting: How to create a budget and stick with it*. Retrieved March 17, 2023, from <https://www.consumerfinance.gov/about-us/blog/budgeting-how-to-create-a-budget-and-stick-with-it>
100. D  
Collateral. Property that can be used as security for a loan is referred to as collateral. A deposit refers to money that may be required to be paid up front to obtain a loan. Risk refers to the possibility of failure or gain, not to assets that can be acquired. Credit refers to the loan itself or the arrangement to purchase now and pay later.  
SOURCE: FI:625  
SOURCE: Kagan, J. (2022, September 25). *Collateral definition, types, & examples*. Retrieved March 17, 2023, from <https://www.investopedia.com/terms/c/collateral.asp>

# ***Personal Finance* LAP List**

Appendix A

<b>Performance Indicator #</b>	<b>LAP #*</b>	<b>Level</b>	<b>LAP Title</b>
<b>FI:002</b>	LAP-FI-002	CS	Give Credit Where Credit Is Due (Credit and Its Importance)
<b>FI:066</b>	FI:066 Just for You!^	CS	Develop personal budget
<b>FI:070</b>	FI:070 Just for You!^	PQ	Read and reconcile bank statements
<b>FI:074</b>	FI:074 Just for You!^	CS	Prepare personal income tax forms
<b>FI:077</b>	LAP-FI-077	CS	Invest for Success (Types of Investments)
<b>FI:783</b>	FI:783 Just for You!^	CS	Make responsible financial decisions

\* LAP # subject to change

^ Available exclusively through the MBA Research Learning Center

# **Guide to the Business Administration Standards**

## Appendix B



## Business Administration Curriculum

The business administration curricular structure consists of four tiers of specificity: Business Administration Core, Cluster Core, Pathways, and Specialties. The content of the broad-based Business Administration Core is fundamental to an understanding of business and can be viewed as co-requisites and as prerequisites for all business administration courses.

### Business Administration Core

The content of the Business Administration Core should be mastered in order for cluster-specific content to have relevance to student learning. There are 13 Business Administration instructional areas: Business Law, Communication Skills, Customer Relations, Economics, Emotional Intelligence, Entrepreneurship, Financial Analysis, Human-Resources Management, Information Management, Marketing, Operations, Professional Development, and Strategic Management.

### Cluster Core

The Cluster Core tier represents the skills and knowledge that were identified as common across the Pathways in a cluster. The Finance Cluster Core, for example, is composed of six instructional areas: Compliance, Customer Relations, Financial Analysis, Financial-Information Management, Professional Development, and Risk Management.

### Pathways

The Pathways tier addresses the content of a variety of broad-based occupational opportunities within a cluster. In the Business and Administrative Services Cluster, for instance, the skills and knowledge that are common across jobs in operations management appear in the Operations Management Pathway.

### Specialties

The fourth tier, Specialties, focuses on specific job opportunities that are tied to a pathway. The job opportunities identified in the Specialties require knowledge and skills unique to a product or service. In Marketing, for example, Specialties for the Professional Selling Pathway include pharmaceutical sales, advertising sales, heavy-equipment sales, and medical-equipment sales.

Thus, the business administration curriculum can be viewed as a continuum that begins in the primary grades with career awareness and exploration and continues through postsecondary education with the emphasis becoming more specialized to the learner's individual interest in business. A graphic depicting the relationship among the four tiers is shown in Figure 1.

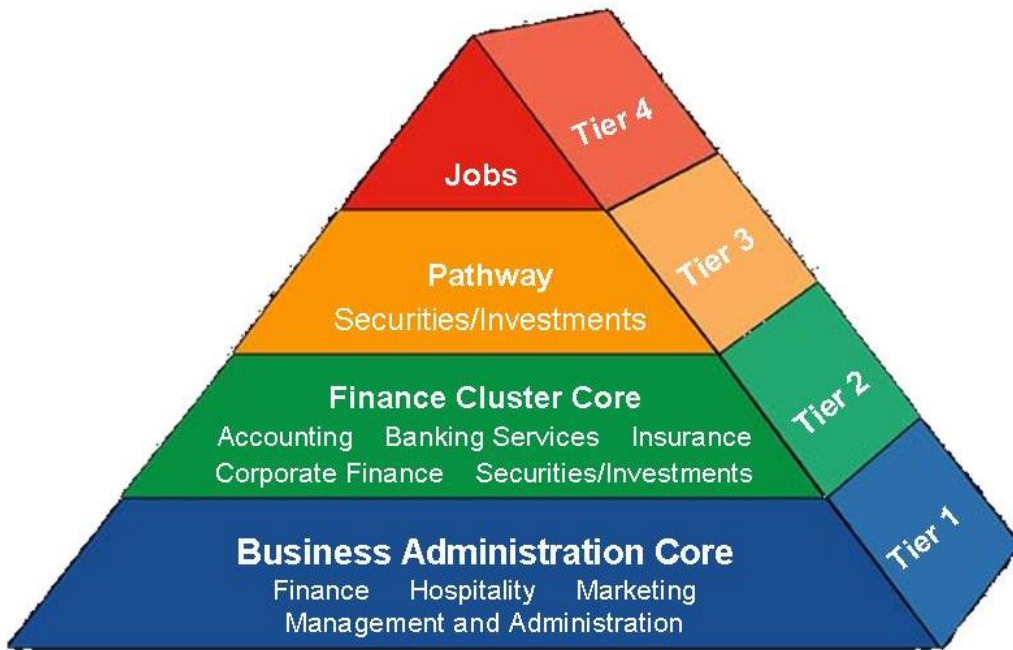


Figure 1. Relationship of Tiers

## Curricular Organization

Within each tier, the curricular content has been organized into Standards, Performance Elements, and Performance Indicators.

### Standards

The broadly-based Standards identify what students should know and be able to do as a result of instruction in any of the business-related clusters. These statements encapsulate the overarching intent/purpose of a work function. The Standards identified for the **Business Administration Core** are:

**Business Law:** Understands business’s responsibility to know, abide by, and enforce laws and regulations that affect business operations and transactions

**Communication Skills:** Understands the concepts, strategies, and systems used to obtain and convey ideas and information

**Customer Relations:** Understands the techniques and strategies used to foster positive, ongoing relationships with customers

**Economics:** Understands the economic principles and concepts fundamental to business operations

**Emotional Intelligence:** Understands techniques, strategies, and systems used to foster self-understanding and enhance relationships with others

**Entrepreneurship:** Understands the concepts, processes, and skills associated with identifying new ideas, opportunities, and methods and with creating or starting a new project or venture

**Financial Analysis:** Understands tools, strategies, and systems used to maintain, monitor, control, and plan the use of financial resources

**Human Resource Management:** Understands the tools, techniques, and systems that businesses use to plan, staff, lead, and organize human resources

**Information Management:** Understands tools, strategies, and systems needed to access, process, maintain, evaluate, and disseminate information to assist business decision-making

**Marketing:** Understands the tools, techniques, and systems that businesses use to create exchanges and satisfy organizational objectives

**Operations:** Understands the processes and systems implemented to monitor, plan, and control the day-to-day activities required for continued business functioning

**Professional Development:** Understands concepts, tools, and strategies used to explore, obtain, and develop in a business career

**Strategic Management:** Understands tools, techniques, and systems that affect a business's ability to plan, control, and organize an organization/department

## Performance Elements

Each Standard is composed of multiple Performance Elements. These statements are broad-based work or cognitive performances that aid in defining the Standards. The Performance Elements addressed in this course are:

### Financial Analysis

Understand the fundamental principles of money needed to make financial exchanges.

Analyze financial needs and goals to determine financial requirements.

Manage personal finances to achieve financial goals.

Understand the use of financial-services providers to aid in financial-goal achievement.

Use investment strategies to ensure financial well-being.

Use risk management products to protect a business's financial well-being.

Identify potential threats and opportunities to protect financial well-being.

### Professional Development

Acquire knowledge of banking processes and services to facilitate workplace activities.

## Performance Indicators

Performance Elements are defined through Performance Indicators that are specific work-based actions—either knowledge or skills. They specify what an individual worker must know or be able to do to achieve the Performance Elements. These learning outcomes are measurable (i.e., can be assessed). For example, the Performance Indicators for the Financial Analysis Performance Element “Understand the fundamental principles of money needed to make financial exchanges” are:

- FI:058 Explain forms of financial exchange (cash, credit, debit, electronic funds transfer, etc.) (PQ)
- FI:059 Identify types of currency (paper money, coins, banknotes, government bonds, treasury notes, etc.) (PQ)
- FI:060 Describe functions of money (medium of exchange, unit of measure, store of value) (PQ)
- FI:061 Describe sources of income and compensation (CS)
- FI:062 Explain the time value of money (CS)
- FI:002 Explain the purposes and importance of credit (CS) LAP-FI-002
- FI:063 Explain legal responsibilities associated with consumer financial products and services (CS)

## Objectives

Each of the Performance Indicators is further defined through a series of Objectives. This organizational component specifies the scope of each Performance Indicator. Their use tells teachers what content to include or exclude from their instruction. For example, the Performance Indicator “Explain the forms of financial exchange (cash, credit, debit, electronic funds transfer, etc.)” is defined through Objectives as follows:

- a. Define the following terms: cash, credit, debit, electronic funds transfer, negotiable instruments, promissory notes, holder in due course.
- b. Explain the need for forms of financial exchange.
- c. Describe the advantages and disadvantages of different forms of financial exchange.
- d. Discuss how credit and debit cards and checks are used as forms of financial exchange.
- e. Discuss how negotiable instruments are used as forms of financial exchange.

### Curriculum Planning Levels

Each performance indicator is assigned to one of six curriculum-planning levels that represent a continuum of instruction ranging from simple to complex. The levels can serve as building blocks for curriculum development in that students should know and be able to perform the performance indicators at one level before tackling more complex skills and knowledge at the next level. The levels can also be used as the basis for developing an unduplicated sequence of instruction for articulation between high school and postsecondary business courses. In these cases, instructors can agree as to how far along the continuum students will advance in high school so that postsecondary instructors can initiate instruction at that point in the continuum. This will enable students to focus on new, more advanced subject matter rather than on content previously mastered. The six curriculum-planning levels are described as follows:

**Prerequisite (PQ):** Content develops employability and job-survival skills and concepts, including work ethics, personal appearance, and general business behavior.

**Career Sustaining (CS):** Content develops skills and knowledge needed for continued employment in or study of business based on the application of basic academics and business skills.

**Specialist (SP):** Content provides in-depth, solid understanding and skill development in all business functions.

**Supervisor (SU):** Content provides the same in-depth, solid understanding and skill development in all business functions as in the specialist curriculum, and in addition, incorporates content that addresses the supervision of people.

**Manager (MN):** Content develops strategic decision-making skills in all business functions needed to manage a business or department within an organization.

**Owner (ON):** Content develops strategic decision-making skills in all aspects of business that are needed to own and operate a business.

### Curriculum Frameworks

In general, a framework is a skeleton structure that supports or encloses something. In education, frameworks are used to support and enclose the curriculum of a discipline by defining the discipline's main elements, thereby providing a big picture overview of the discipline's curriculum. They can act as gatekeepers by helping educators and curriculum developers make decisions about what should be addressed or eliminated from consideration in a curriculum. Once educators have determined what content should be addressed, they can use the scaffolding that frameworks provide as a basis around which curricular content is developed, organized, and implemented. Its visual presentation, or schematic, can serve as a communications tool to share with those interested in a discipline. It quickly communicates the main topics or areas of instruction that will be addressed.

Skills and knowledge in the Business Administration Core are identified in the following areas:



Figure 2. Schematic of Curriculum Framework for the Business Administration Core

These areas represent various topics—not courses. There is some content in Business Law that applies to employees in any of the business careers. The same applies to Marketing—we’re not saying that all business employees need to know everything about Marketing—just some content that will enable them to understand the role and contributions of marketing to an organization. Likewise, we’re not saying that all employees need to be strategic managers since some of these topics only apply to employees at a certain career level in an organization. We are saying that at a certain career level, employees in the three clusters need to understand and be able to do strategic management.

Notice, too, the disciplines identified in the rainbow colors below the clusters. This indicates that to be successful in a business career, students need a solid foundation in social studies, math, language arts, social science (psychology/sociology), and technology applications. It also implies that these disciplines are integrated into the business skills and knowledge. The successful application of these academic skills is imperative for obtaining a career and advancing in business.

MBA Research focuses its research on three business-related clusters: Business Management, Finance, and Marketing. These clusters are addressed as concentrations in a Business Administration major at the postsecondary level.

In addition, entrepreneurs are a major driver of the U.S.'s market economy, and entrepreneurship is defined in many ways, with the range of needed skills varying based on that definition. For our purposes, MBA Research defines entrepreneurship as taking the risk to grow an idea into a business venture. The skills that are needed begin with idea/problem/issue recognition and continue through initial business operations. After that, modifications to processes and products are based on innovation skills rather than entrepreneurial skills.

A person could start a business specific to any of the three business-related Clusters: Business Management, Finance, or Marketing. The entrepreneurial skills that are applicable to all three clusters appear in the Business Administration Core for the Entrepreneurship standard/instructional area.

However, there are skills in the individual Clusters that are also needed when developing an entrepreneurship program of study/course. Those skills would not be applicable across the three Clusters and would not be in the Business Administration Core. Instead, the relevant business skills needed for initial business operations are pulled from each Cluster to create a complete entrepreneurship program of study/course.