

Personal Financial Literacy

Financial literacy describes the skills needed for understanding the interactions of people with money and related matters. The course is designed to help students develop that understanding by describing, analyzing, and evaluating many financial topics that most students will directly experience. The standards in the course are consistent with nationally recognized concepts that are important to healthy financial literacy. The elements of the course are aligned with current technology and laws - both of which can change rapidly - so instructors should verify any information they feel may be outdated. The standards and elements can be taught in any sequence.

SSPFL1 Evaluate various sources of income and analyze variables that affect a person's income.

- a. Analyze income as a scarce resource that must be allocated.
- b. Compare different types of income including hourly wages, salary, tips, independent contractor services (Form 1099), dividends, and capital gains.
- c. Analyze how career choice, education, skills, and economic conditions are related to income and levels of unemployment.
- d. Describe how income taxes affect disposable income.
- e. Review and complete a sample federal individual income tax form 1040EZ or 1040A.
- f. Describe the basic components of a pay-stub including gross pay, net pay, and common deductions (i.e. federal and state income tax, Federal Insurance Contributions Act (FICA – which includes Social Security and Medicare), and elective deductions like insurance and tax-deferred savings).

SSPFL2 Describe how budgeting and actively reviewing finances can be used to allocate scarce income.

- a. Explain the importance of setting short-term, medium-term, and long-term savings goals.
- b. Differentiate between needs and wants.
- c. Analyze the basic components of a personal budget including income, expenses, and savings.
- d. Explain how to reconcile a checking account, either online or on paper, including how to account for transactions that have not been posted (i.e. checks or weekend debit card transactions).
- e. Describe overdraft fees including why they are assessed and how to avoid them.
- f. Explain the concept of net worth.

Social Studies Georgia Standards of Excellence

SSPFL3 Evaluate different methods for paying for goods and services.

- a. Describe advantages and disadvantages of paying for goods and services with cash, checks, debit cards, credit cards, and other options.
- b. Compare and contrast debit, credit, and prepaid cards in terms of how they work, acceptability, and the costs associated with each.
- c. Explain how to avoid fees when using debit, credit, and pre-paid cards.
- d. Explain the major consumer protections related to debit, credit, and pre-paid cards, especially if they are lost or stolen.

SSPFL4 Evaluate alternatives for life after high school including college, technical school, internships, working, military, doing nothing (taking a “gap year”), traveling, or other options.

- a. Use a rational decision making model to identify the most appropriate alternative from the options in SSPFL4.
- b. Describe opportunity cost as it relates to the options in SSPFL4.
- c. Evaluate costs and benefits of various ways to pay for post-high school life including scholarships, employment, work-study programs, loans, grants, savings, prior investments, and other options.
- d. Review and complete a sample Free Application for Federal Student Aid (FAFSA) form.

SSPFL5 Describe the importance of credit and having a favorable credit score.

- a. Define credit and interest rates.
- b. Describe factors that affect credit worthiness and the ability to receive favorable interest rates including character (credit score), collateral, and capacity to pay.
- c. Describe the basic components of a credit score including payment history, debt to income ratio, amount owed, length of credit history, types of credit used, amount of available credit, and recent credit applications.
- d. Describe different ways financial institutions, employers, and other parties use credit reports and credit scores.
- e. Describe how to access one’s credit report and credit score.
- f. Analyze and evaluate a sample credit report.
- g. Explain how to begin building a good credit history at an early age.
- h. Explain causes of personal bankruptcy and describe consequences of declaring bankruptcy.

Social Studies Georgia Standards of Excellence

SSPFL6 Analyze the purpose and functions of various financial institutions.

- a. Analyze services offered by different financial institutions including banks, credit unions, payday lenders, and title pawn lenders.
- b. Explain that some financial institutions are for profit and others are non-profit and how that affects the lending behavior of the institution.
- c. Compare the benefits and drawbacks of different financial institutions including banks, credit unions, payday lenders, and title pawn lenders.
- d. Describe difficulties “unbanked” people face; including lack of security, difficulties securing financial services, and increased financial cost compared to using traditional financial institutions.

SSPFL7 Explain how interest rates affect various consumer decisions.

- a. Explain how actions taken by the Federal Reserve System affect interest rates.
- b. Compare interest rates on loans and credit cards from different institutions including banks, credit unions, pay-day loan facilities, and title-pawn.
- c. Define annual percentage rate and analyze how different interest rates can affect monthly payments on loans.
- d. Explain the difference between simple and compound interest and the difference between fixed and variable interest.
- e. Define nominal and real returns and explain how inflation affects savings and investment accounts earning interest.

SSPFL8 Evaluate reasons for and various methods of investment.

- a. Evaluate the risk and return of a variety of savings and investment options including savings accounts, certificates of deposit, stocks, bonds, and mutual funds.
- b. Explain the advantages of using tax-advantaged retirement planning including a traditional Individual Retirement Account (IRA), a Roth IRA, a myRA, and a company 401K or 403b.
- c. Describe the importance of diversification investing.
- d. Describe the differences in strategies used for long-term investing vs. short term investing.

Social Studies Georgia Standards of Excellence

SSPFL9 Describe how insurance and other risk-management strategies protect against financial loss.

- a. Define insurance as an agreement where one party agrees to pay for another's damage or loss in exchange for payment.
- b. Define risk as it relates to various assets (i.e. your person, property, or investments).
- c. Describe various types of insurance including automobile, health, life (whole and term), disability, and property.
- d. Review and describe the basic components of a sample automobile, health, and property insurance policy.
- e. Analyze different methods for obtaining health insurance including through an employer, private purchase, Consolidated Omnibus Budget Reconciliation Act (COBRA), and through various health insurance exchanges.
- f. Analyze the costs and benefits associated with different types of insurance, including co-pays, deductibles, premiums, shared liability, and asset protection.
- g. Define insurability and explain why insurance rates can vary.

SSPFL10 Describe how government taxing and spending decisions affect consumers.

- a. Define progressive, regressive, and proportional taxes.
- b. Analyze the purpose of different types of taxes including income, property, sales, excise, and capital gains.
- c. Explain how an increase in sales tax affects different income groups.
- d. Describe government programs designed to provide assistance to low income individuals such as the Supplemental Nutrition Assistance Program (SNAP) (including the special program for Women, Infants, and Children (WIC)), Medicaid, State Children's Health Insurance Program (SCHIP), and public housing.
- e. Explain how unemployment insurance is provided by federal and state governments.

SSPFL11 Explain and evaluate various forms of consumer protection.

- a. Describe the roles of the Securities and Exchange Commission (SEC), Federal Trade Commission (FTC), National Credit Union Association (NCUA), Federal Deposit Insurance Corporation (FDIC), and the Consumer Financial Protection Bureau (CFPB) in protecting consumers.
- b. Compare different methods for lodging consumer complaints (e.g., Better Business Bureau, usa.gov/consumer-complaints, direct contact with business).
- c. Explain the primary purpose of important consumer legislation including the Truth in Lending Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, and the Dodd-Frank Act.

Social Studies Georgia Standards of Excellence

SSPFL12 Explain sources of and protection against identity theft.

- a. Describe common ways identity theft happens including dumpster diving, skimming, phishing, stealing, and hacking.
- b. Analyze ways to protect yourself from identity theft including shredding important documents, not opening attachments to unknown emails, not revealing personal information over the phone or email, using secure networks, regularly checking your credit score, and changing passwords on accounts.
- c. Describe steps that should be taken if a person is the victim of identity theft including getting replacement credit cards, freezing credit histories, alerting appropriate officials, and changing passwords.
- d. Describe the basic characteristics of investment scams such as Ponzi schemes, pump and dumps, and “advance fee” scams and how to avoid them.