The Teacher Notes were developed to help teachers understand the depth and breadth of the standards. In some cases, information provided in this document goes beyond the scope of the standards and can be used for background and enrichment information. Please remember that the goal of social studies is not to have students memorize laundry lists of facts, but rather to help them understand the world around them so they can analyze issues, solve problems, think critically, and become informed citizens.

TEACHER NOTES
PERSONAL FINANCIAL LITERACY

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

While a teacher could teach this course in any order they wanted, a natural starting point for discussing financial literacy is income. Income is the single topic that runs through almost all other topics regarding financial literacy. For the purposes of this course, income refers to money earned by an individual in exchange for a good or service. The standard itself asks students to *evaluate* sources of income. This means students need to be given opportunities to determine if various sources of income are good/bad, positive/negative, beneficial/harmful, etc. This requires teachers to do more than just present the list found in element b, but to compare and contrast them and help students understand the different aspects of types of income. When analyzing variables that affect a person's income, students should understand that a wide range of things affect how much income a person makes. Some they can control (education level, certifications) and some they cannot (taxes).

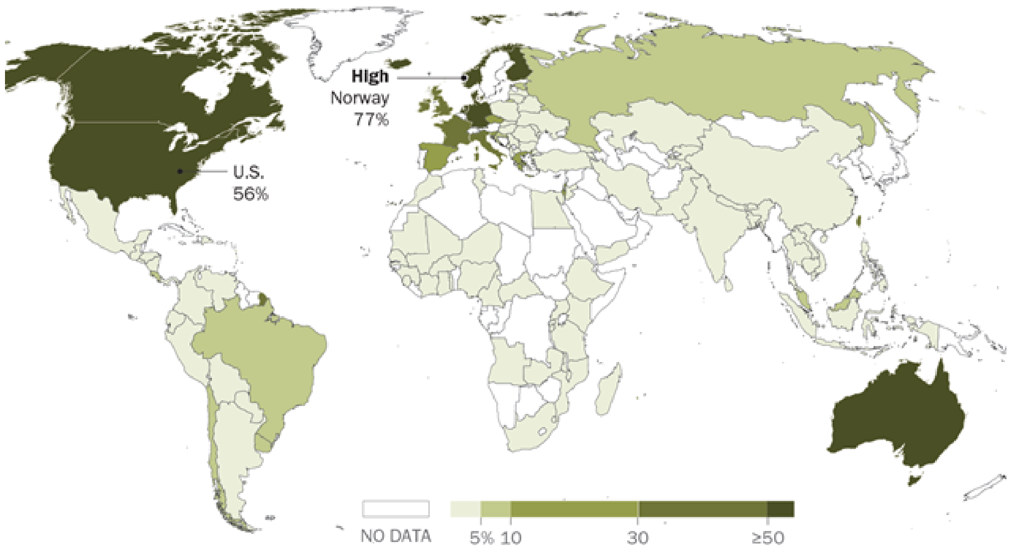
SSPFL1 Evaluate various sources of income and analyze variables that affect a person's income.

a. Analyze income as a scarce resource that must be allocated.

Scarcity is a basic economic condition that exists when limited resources must be used to meet unlimited wants and needs. This, of course, is the fundamental problem in all of economics and applies to income the same way it applies to the factors of production or most goods and services. When teaching this element to students, the word "analyze" should be taken to mean that students need to be given opportunities to answer "why" questions about income and its relative scarcity. For example, why is income scarce to begin with? Well, for most people, they don't have enough at any given time to get everything they want. Therefore, choices have to be made about what to do with income. The word allocated in the element refers to the practice of distributing income among several competing options. For students that have taken the high school economics course, they may recall from SSEF4c that there are at least nine ways to allocate resources. While it is not necessary to review all nine in this course, it may be worthwhile to point out to students that most people make decisions about their allocation of income in a command-style environment where a person or small group of people (like parents) are making decisions about how to allocate income. You may also discuss with students other ways they allocate income in their own lives, but return to the broader concept that income must be allocated because it is limited (especially short term) and our wants and needs are unlimited. As an option for introducing the concept of scarce income, the picture below shows various countries of the world and what percentage live with "high incomes," defined here as living on $50 or more a day. Note that even in the United States, only 56% of the population is living on that amount. For most countries around the world income is extremely scarce and managing that income is important to a person's livelihood.

High Income Populations Are Scarce Outside of North America, Western Europe

% of country's population that is high income in 2011



Note: This map shows the proportion of people within a country that were high income in 2011. It is one of five maps showing the shares of population in each county that live at different income levels. The income groups are as follows: The poor who live on $2 or less daily, low income on $2.01-10, middle income on $10.01-20, upper-middle income on $20.01-50, and high income on more than $50; figures expressed in 2011 purchasing power parities in 2011 prices.

Source: Pew Research Center analysis of data from the World Bank PovcalNet database (Center for Global Development version available on the Harvard Dataverse Network) and the Luxembourg Income Study database

PEW RESEARCH CENTER

Resources:
Photo above retrieved from: http://www.pewglobal.org/2015/07/08/a-global-middle-class-is-more-promise-than-reality/pg-2015-07-08_globalclass-11/

SSPFL1 Evaluate various sources of income and analyze variables that affect a person's income.
b. Compare different types of income including hourly wages, salary, tips, independent contractor services (Form 1099), dividends, and capital gains.

This is a good example of an element that exists to help teach the overarching standard. The standard requires students to evaluate – make judgements about, determine effectiveness of, etc – sources of income whereas the element uses the word compare. You can't evaluate without first comparing. In order to effectively compare (and contrast) these types of income you will need a set of criteria. A suggested set of criteria is presented in the table below including how the income is earned, frequency of receiving income, and potential for increases/decreases. After comparing these types, a suggested activity would be to present a list of jobs and activities to students and have them decide the best way to pay someone to complete those activities.

Income Type	How earned?	Frequency	Potential for increases/decreases
Hourly wages	• Guaranteed pay for every hour worked • Agreed to by employer/employee	• Varies, but typical hourly jobs pay every week or every two weeks • Some hourly jobs pay in cash at the time of the job	• Usually hourly wages are somewhat tied to minimum wage so when that increases, hourly wages may rise • Most jobs that pay hourly wages have starting salaries with potential for increases after performance reviews • Hourly wage earners are "**nonexempt**" according to the Federal Labor Comission, which means there is potential for overtime pay
Salary	• Guaranteed pay for a job • Agreed to by employer/employee • Not tied to a specific set of hours worked	• Most salaried jobs pay every two weeks or once every month • Some salaried jobs also include bonuses received at selected times of the year	• Salaries are often negotiated so any pay raises usually come as a result of a promotion or the employee asking for a raise • Salaried employees are "**exempt**" and do not get overtime pay
Tips	• "Extra" money given as a reward for good service or as a customary show of gratitude • Tips are usually optional and soley at the discretion of the customer	• Tips are usually one time offerings and are given immediately following the completion of the service • Some organizations "pool" tips from all employees and redistribute equally	• In theory, tips are incentive-based and can be increased with good service • Since tips are discretionary, the amount of tips can fluctuate depending on time of day, day of week, time of year, attitude of customer, etc.
Independent Contractor (1099)	• Income agreed to (via legal contract usually) by a consumer and producer for a specific set of services • This differs salary because the producer is usually not an "employee" of the consumer	• Payment is usually received at the end of the job, although some contracts allow for partial payment throughout • Payment is job-based and does not follow a set timeline	• Pay is usally stated upfront and there are not opportunities to increase or decrease it as long as the job is completed according to the contract • Sometimes incentives are provided if certain terms are met • Payment can be refused if terms of contract are violated

Dividends	• Income earned by holding shares of stock in a company that pays shareholders when profits are earned	• Companies that pay them usually have a set schedule with exact dates • Typically, dividend payments are done every three months (quarterly)	• Companies are not legally required to pay dividends and can stop the practice at any time • During poor economic times or if the company is performing badly, dividend payments often fall. Dividend payments can rise when the company is performing better.
Capital Gains	• Income earned when an investment (stock, house, antique, etc) is sold for MORE than it was purchased for	• Typically a one-time transaction that only occurs when the investment is sold • No timeline, investments are typically held until the owner needs income or the market for the investment is ripe for selling	• Some investments are riskier than others • Stocks can change value daily while real estate is slower to change, but may be tougher to sell • Some investments never increase in value and can make the owner lose money

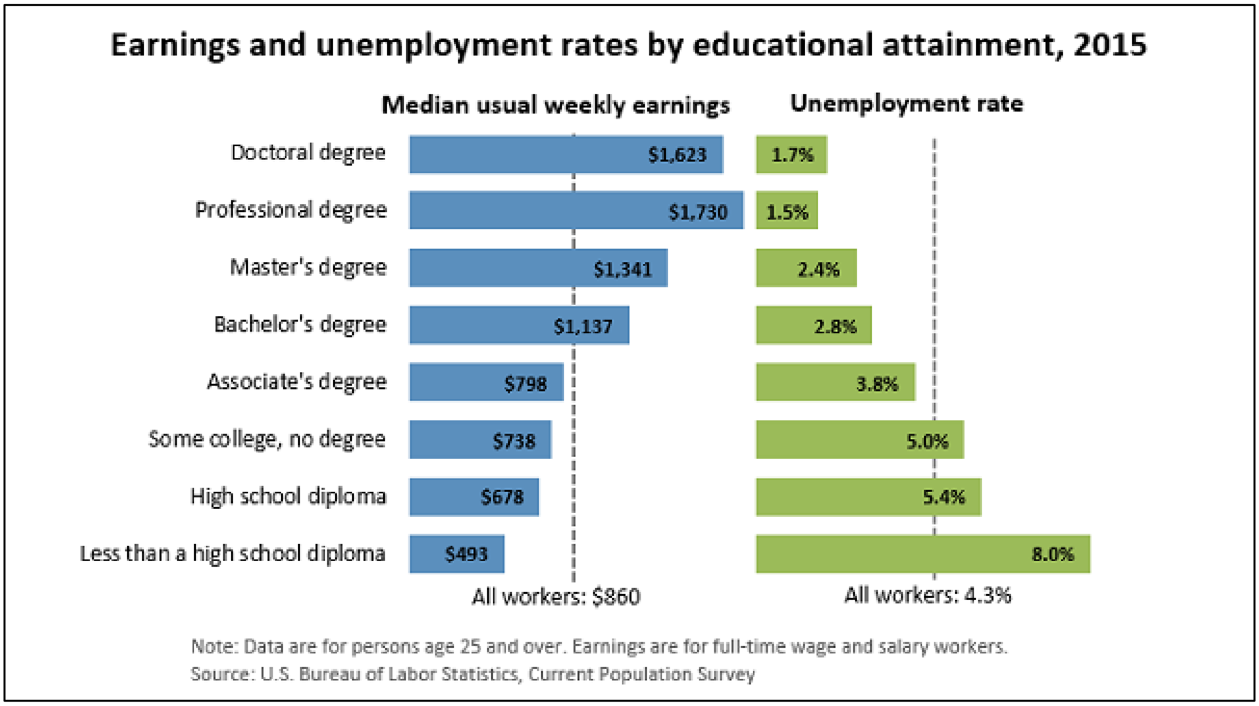
Remember, the chart above is only a suggestion. You could also compare the types of income in broader terms using benefits/drawbacks or you could compare how taxes affect the different types. Whichever you choose, remember to come back to an evaluation of the types to meet the standard.

Resources:
Learn more about Form 1099 here: https://www.irs.gov/uac/about-form-1099misc
Learn more about capital gains here: http://www.investopedia.com/terms/c/capitalgain.asp
Learn more about dividends here: http://www.investopedia.com/terms/d/dividend.asp

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

c. Analyze how career choice, education, skills, and economic conditions are related to income and levels of unemployment.

The direct relationship between education level and income is one of the strongest correlations there is in all of social science. Of course, there are exceptions and students love to point these out: "My [insert friend/family member] dropped out of [random education level] and he makes tons of money!" The reason those exceptions are so noteworthy is because of their rarity. For the vast majority of people, the best way to insure a healthy and stable economic lifestyle is through some sort of skill development. That said, it is important to stress with students that going to college is not always the path to success. Trade schools, internships, technical schools, and apprenticeships are also very useful ways of developing skills and employability. The graphic below is a pretty standard graphic from the Bureau of Labor statistics that demonstrates the relationships between education and skills and income and unemployment.



The element also ask students to analyze the effects of economic conditions and career choice. Economic conditions is pretty easy as they have a direct relationship with overall levels of income. Career choice is a bit trickier to explain. The chart below (from the Bureau of Labor Statistic's excellent Occupational Outlook Handbook) shows the jobs the BLS is predicting will be the fastest growing career fields through 2024. The picture is a screen capture, the original can be found here: https://www.bls.gov/ooh/fastest-growing.htm

Occupational Outlook Handbook >

EN ESPAÑOL PRINTER-FRIENDLY

Fastest Growing Occupations

Fastest growing occupations: 20 occupations with the highest percent change of employment between 2014-24.

Click on an occupation name to see the full occupational profile.

OCCUPATION	GROWTH RATE, 2014-24	2015 MEDIAN PAY
Optometrists	27%	$103,900 per year
Nurse practitioners	35%	$98,190 per year
Physician assistants	30%	$98,180 per year
Personal financial advisors	30%	$89,160 per year
Physical therapists	34%	$84,020 per year
Statisticians	34%	$80,110 per year
Operations research analysts	30%	$78,630 per year
Audiologists	29%	$74,890 per year
Genetic counselors	29%	$72,090 per year
Cartographers and photogrammetrists	29%	$61,880 per year
Occupational therapy assistants	43%	$57,870 per year
Physical therapist assistants	41%	$55,170 per year
Wind turbine service technicians	108%	$51,050 per year
Commercial divers	37%	$50,470 per year
Hearing aid specialists	27%	$49,600 per year
Interpreters and translators	29%	$44,190 per year
Occupational therapy aides	31%	$27,800 per year
Physical therapist aides	39%	$25,120 per year
Ambulance drivers and attendants, except emergency medical technicians	33%	$23,740 per year
Home health aides	38%	$21,920 per year

As you can see, fastest growing does not necessarily mean most pay, but it does indicate that there will be jobs available in these fields. Using the same resource, you can also look up median pay of up to 818 jobs and sort them by a variety of variables including education levels as seen below. You can look at the live version of that page here: https://www.bls.gov/ooh/occupation-finder.htm

OOH HOME | OCCUPATION FINDER | OOH FAQ | OOH GLOSSARY | A-Z INDEX | OOH SITE MAP | EN ESPAÑOL

OCCUPATIONAL OUTLOOK HANDBOOK

Search Handbook Go

Occupational Outlook Handbook >

EN ESPAÑOL

Occupation Finder

Search: Use the drop-down menu in one or more columns to narrow your search.
Sort: Use the arrows at the top of each column to sort alphabetically or numerically.

Showing 1 to 25 of 818 entries

Show 25 **entries**

OCCUPATION	ENTRY-LEVEL EDUCATION	ON-THE-JOB TRAINING	PROJECTED NUMBER OF NEW JOBS	PROJECTED GROWTH RATE	2016 MEDIAN PAY
Anesthesiologists	Doctoral or professional degree	Internship/residency	5,000 to 9,999	20 to 29 percent	$75,000 or more
Obstetricians and gynecologists	Doctoral or professional degree	Internship/residency	1,000 to 4,999	10 to 19 percent	$75,000 or more
Oral and maxillofacial surgeons	Doctoral or professional degree	Internship/residency	1,000 to 4,999	10 to 19 percent	$75,000 or more
Orthodontists	Doctoral or professional degree	Internship/residency	1,000 to 4,999	10 to 19 percent	$75,000 or more
Surgeons	Doctoral or professional degree	Internship/residency	5,000 to 9,999	20 to 29 percent	$75,000 or more
Physicians and surgeons, all other	Doctoral or professional degree	Internship/residency	50,000 or more	10 to 19 percent	$75,000 or more
Internists, general	Doctoral or professional degree	Internship/residency	5,000 to 9,999	0 to 9 percent	$75,000 or more
Psychiatrists	Doctoral or professional degree	Internship/residency	1,000 to 4,999	10 to 19 percent	$75,000 or more
Family and general practitioners	Doctoral or professional degree	Internship/residency	10,000 to 49,999	10 to 19 percent	$75,000 or more
Chief executives	Bachelor's degree	None	Declining	Declining	$75,000 or more
Dentists, all other specialists	Doctoral or professional degree	Internship/residency	0 to 999	0 to 9 percent	$75,000 or more
Pediatricians, general	Doctoral or professional degree	Internship/residency	1,000 to 4,999	10 to 19 percent	$75,000 or more
Nurse anesthetists	Master's degree	None	5,000 to 9,999	10 to 19 percent	$75,000 or more
Dentists, general	Doctoral or professional degree	None	10,000 to 49,999	10 to 19 percent	$75,000 or more
Computer and information systems managers	Bachelor's degree	None	50,000 or more	10 to 19 percent	$75,000 or more
Architectural and engineering managers	Bachelor's degree	None	1,000 to 4,999	0 to 9 percent	$75,000 or more
Marketing managers	Bachelor's degree	None	10,000 to 49,999	0 to 9 percent	$75,000 or more
Petroleum engineers	Bachelor's degree	None	1,000 to 4,999	10 to 19 percent	$75,000 or more
Airline pilots, copilots, and flight	[illegible]	Moderate-term on-the-	[illegible]	[illegible]	[illegible]

The bottom line on this is to make sure students understand there is a direct relationship between education and income levels and an indirect relationship between education levels and unemployment levels. Education, here, is used broadly to refer to any sort of increase in human capital including formal education, training, skill-development, internships, experience-based opportunities, or other options. Finally, give students opportunities to discover that just getting an education is no guarantee of increased income, but variables such as economic conditions and overall labor market demand also play a role.

Resources:

The Dallas Fed's Navigate Resource is an amazing set of materials for students to do research on all sorts of post-secondary options: https://www.dallasfed.org/educate/navigate

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

d. Describe how income taxes affect disposable income.

One of the most critical components of this element is to make sure students are clear about what is meant by disposable income. Disposable income is the amount of income that a person gets to spend or save AFTER taxes have been collected. This element is quite straightforward and at a fairly low DOK level in that students are only expected to describe the relationship. This means that students should be able to tell you verbally or in writing that the relationship between income taxes and disposable income is an inverse relationship for the most part. If a person's income remains the same, and their income taxes increase, then that person has less disposable income. This relationship gets a little complicated as people begin to make deductions, get tax credits, and get income from a variety of sources. Note – it is NOT necessary to teach students all the different tax rates in the US income tax structure. If you wish to do this, however, please be sure to use the actual IRS website for this information and not rely on simple google search.

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

e. Review and complete a sample federal individual income tax form 1040EZ or 1040A.

Please take note of the word ***SAMPLE*** in this element. It is absolutely, in no way, shape, or form, the intent of this standard to have students complete their (or their parents) actual taxes in class. Do not ask students for this information and do not suggest that they substitute their real information in for the sample information. Tell the students early on in the lesson – and remind them throughout – that if they have serious questions about their own forms to contact a tax professional! You may even wish to reach out to a local CPA that might volunteer to answer some questions for your students.

The purpose of this element is to give students practice so that they can complete these forms on their own when the time comes or, at the very least, have some experience with the components of the process. For most high school students, the first form they will ever experience will be the 1040EZ. The main difference between a 1040EZ and a 1040 form is detail. 1040EZ has 14 lines of information. The 1040 form has 79. The 1040A is a hybrid of the two with 51 lines. This element only asks to review 1040EZ OR 1040A. If you are uncomfortable with these forms, simply stick with 1040EZ. The link to download the 1040EZ form is here: https://www.irs.gov/pub/irs-prior/f1040ez--2016.pdf and the link to get the line by line instructions is here: https://www.irs.gov/pub/irs-pdf/i1040ez.pdf

The element requires students to review AND complete a sample form. To review the form a variety of strategies would work, but one suggestion would be to break the class into 7 groups and have each group read the section of instructions for two of the lines of form 1040EZ and then report back to the class a quick summary of the lines. To complete the sample form you will obviously need data. To avoid using real student data, create sample scenarios like the one below (or have students do this for homework).

Jill S. is a 20-year-old college student who, in the previous year made $11,450 in wages, tips, and salary. She paid $299 in federal taxes. Jill has a savings account that earned her $45 in interest this year. She received no unemployment. Jill's parents claim her as a dependent and she was covered by their health insurance.

Tips for writing the scenarios:

- Keep it simple! This is for practice an initial exposure, not to grant CPA degrees. For example, high schoolers are not likely to qualify for EIC (since they're under 25) so expose them to it, but don't make them calculate it. Same with health insurance.
- Make varying amounts of income and taxes so students see the impact taxes can have on income.

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

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).

Remember that the standard here requires an analysis of variables that affect a person's income. Deductions from a paycheck may not technically affect a person's "income" but it has a major impact on tax liabilities and take-home pay which is what many people are concerned about when it comes to income. Element f is low DOK level in that students only have to describe the basic components listed here. A teacher's paycheck is interesting because teachers typically have things like teacher retirement, social security, insurance, professional organization dues, and possibly 403b contributions on our pay stub. If you are not willing to share your own pay stub, however, a simple google search for "sample pay stubs" will provide you more than you would possibly be able to use in a single lesson, including samples like the one below:

COMPANY NAME	EARNINGS STATEMENT
Sample Company Name, Sample Company Address, 95220	

EMPLOYEE NAME	SOCIAL SEC. ID	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE
Sample Name	XXX-XX-3432	44234	48869	10/31/13-11/06/13	11/08/13

INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES	50	50	2,500.00	FICA MED TAX	36.25	1,631.25
				FICA SS TAX	155.00	6,975.00
				FED TAX	559.18	25,163.00
				CA ST TAX	183.76	8,269.26
				SDI	25.00	1,125.00

YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY
112,500.00	43,163.51	69,336.49	2,500.00	959.19	1,540.81

This element is primarily a vocabulary element. Whatever method you use to teach this, when finished students should be able to describe the terms in the element somewhat similar to the list below (in their own words, of course):

- Gross pay – the total amount of income provided by the employer for the time period
- Net pay – the amount of money left after all deductions are taken out, also known as "take-home" pay
- Federal income tax (FED TAX) – the amount of money given to the IRS for this pay period
- State income tax – the amount of money given to the state government for this pay period
- FICA (Social Security or Medicare) – money given to the federal government *specifically for these programs*

- Elective deductions – money taken out of a paycheck by the employee for the purpose of reducing taxable income (like a contribution to a 401K, 529 plan, 403B, etc.), meeting insurance premiums, or for convenience (like a monthly contribution to a charity, savings account, or dues payment).

While it is not required to have students view multiple paycheck stubs to teach this element, it may be helpful to expose them to a variety of layouts and deduction types they may experience as they begin to gain employment.

Resources:

The St. Louis Fed has a GREAT lesson called "W is for Wages" and can be found here: https://www.stlouisfed.org/~/media/Education/Curriculum/pdf/Its-Your-Paycheck-Lesson-2.pdf?la=en

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

No personal finance course would be complete without thoroughly discussing budgeting. This standard would ideally be taught as part of a same unit with standard SSPFL1. After establishing that income is scarce and is affected by a host of variables, the next logical step is to look at prudent ways to allocate that income. Budgeting and actively tracking income are nearly universally accepted as the predominant methods for gaining and maintain financial stability and confidence. A quick scan of any popular personal finance expert's program will prove that budgeting is the de facto strategy. The elements that follow, therefore, are designed to introduce students to the reasons for budgeting, the components of a budget, and how keep up with information so that a person stays on that budget.

As an aside, students that have been in the Georgia public school system should have been exposed to the budgeting process multiple times since at least the 4th grade as budgeting is part of a personal finance thread that runs through the curriculum K-8. It cannot be assumed that everyone has had that exposure or that even if they had it was taught well, but it might be worth asking your classes what they remember about budgeting as a starting point.

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.

Anytime there is an element like this, there is a risk of a student (or parent) saying "I *don't* think it's important!" As the teacher, it's your job to try to get them to reconsider. If you want an academic approach, James Shah and Wendi Gardner (2008) have an amazing book that will tell you everything you need to know about goal setting. In summary, the importance of setting goals is that increases motivation and action in academic and non-academic settings. For this element, however, the concept is much simpler than it might seem. At its most basic level, the concept can be taught by asking students for something they would like to purchase this year, something they would like to purchase in 2-3 years, and something they would like to purchase when they are 30. Discuss how they will make those purchases with several students and ultimately, you will eventually get to a discussion about saving. Having a goal for saving vastly increases the chances of *actually* saving versus saving with no particular direction. Finally, without setting goals, it is more difficult to start the budgeting process because there is no idea of how much needs to be saved.

In terms of what makes a short-term, medium-term, and long-term goal, understand that there is no universally accepted metric. To give you some guidelines, the Council on Economic Education uses fewer than two months as short, two months to three years for medium, and more than three years for long. The federal Small Business Administration uses up to one year for short, several years for medium, and more than five years for long. Do not have the students memorize a particular time frame. Instead, focus their energy on the importance of the goals themselves. One interesting angle on this, to relate back to standard SSPFL1 is that income can change time frames. To a person making $30,000 a year, buying a house with a $40,000 down payment is a long-term goal. To someone making $500,000 a year, that might be a medium-term (or possibly short-term) goal. This is why there is no specific time frame in the element.

Resources:

Shah, J. Y., & Gardner, W. L. (Eds.). (2008). *Handbook of motivation science*. Guilford Press.

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

b. Differentiate between needs and wants.

This is a little bit of a "rabbit hole" of an element. Discussions of this with quick-witted high schoolers can go off track quickly if you try to be too formal and rigid with this topic. In the simplest form, you would say that "needs" are required for survival and "wants" are not. Needs, in that narrow view, are essentially limited to food/water (but just enough to keep you healthy so cookies and milkshakes miss the cut), clothing (but just enough to allow to you function and participate in society), and shelter (but just enough to keep you out of the elements so a big 3-story house is out). Everything else is a want. Of course, this is extremely oversimplified and you could quickly get into all sorts of philosophical discussions about the "need" for love and acceptance, etc. How can you avoid this? Take note that the element only asks students to differentiate between them. There is no formal definition that needs to be learned nor a clear-cut set of items that can be easily categorized. Activities like having students list the last 10 items they purchased and sorting them into needs and wants are fine. This element primarily exists to get students thinking about prioritizing items so that when they are budgeting they can begin to see areas of wants that could be reduced in order to put money aside for savings or investments. In terms of the overall standard, be sure to explain that both needs and wants will likely require some of the individual's scarce income.

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

c. Analyze the basic components of a personal budget including income, expenses, and savings.

A basic budget should always, at the very least, include income and expenses. However, when dealing with a personal finance budget – especially when teaching this to high school students – we also need to include the concept of savings since that is different than an expense. Because the element requires students to analyze, students must be given opportunities to break down each part of a budget. By now, you should have already done a pretty complete job of dissecting income and the various types and variables that affect income. Now is a good time to breakdown a few different types of expenses as well. Neither the element nor the standard require any specific vocabulary. The table below gives some examples of various expenses you may wish to discuss with students. To increase the DOK level and rigor, consider an activity where the students are given only the list and they create examples OR the students are given a list of examples with NO titles and their task is to group the expenses together in a way they think makes sense and then talk about the labels. Afterwards, a discussion can follow about which types of expenses can be budgeted for and which are more difficult.

Sample Types of Expenses		
Type	Description	Examples
Fixed	remain the same over an extended period of time	rent, certain bill payments, membership dues or fees
Variable	change frequently – either month to month or week to week	groceries, some utilities, gas for car
Planned	purposeful, deliberate expenses that are tied to a certain event, date, or good/service	planned vacation, holiday gift, facility rental, scheduled doctor's visit
Unplanned	unexpected events or last minute changes that require more (or less) money than planned	medical emergencies, flight changes, car repairs, late fees

Other types of expenses could include occasional, seasonal, or even mandatory vs. optional. The terminology doesn't matter as much as the analysis of expenses in general.
Finally, in analyzing savings, the goal is to make sure that when budgeting, some income is reserved for future use. Discuss with students that there are a variety of savings options. You may wish to consider teaching element SSPLF8a at this time since it deals with the different options.

The activities found in the resources below give students some opportunities to put this new knowledge to work in a couple of different interactive ways.

Resources:
The Dallas Fed's Building Wealth Online Budget Guide is a comprehensive review of all things budget. There is also a printed version you can order as well:
https://www.dallasfed.org/~/media/microsites/cd/wealth/online/ch2.html

Budgeting 101 – Interactive Lesson from the St. Louis Federal Reserve Bank where student help a fictional character (Regan) with her college and post-college budget:
https://www.econlowdown.org/budgeting_101?p=yes&module_uid=214&survey_uid=67&preview=0

Federal Reserve Bank Lesson on importance of budgeting in emergencies including an activity and PowerPoint: https://frbatlanta.org/education/publications/extra-credit/2016/fall/lessons-and-activities/high-school/personal-finance/budgeting-basics.aspx?d=1&s=fre

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

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).

Much like the 1040 element in SSPFL1, it is NOT the intention of this element to have students bring in their real bank account statements. In fact, you should discourage students from sharing that information and focus on the process. You also have the option to focus on a traditional checkbook (paper) or using online access to checking accounts. Understand, however, that some students may not have access to online checking accounts and some students may not have checking accounts at all!

In teaching this to students, you are more or less making them aware of the fact that not all transactions are accounted for immediately. Just because a debit card is swiped or inserted at a store, it does not mean that the transaction has been completed. Sometimes stores can take several days to post a transaction, especially on the weekends. This is why it is critical for anyone with a checking account to keep a good record of transactions that have not posted. To reconcile an account, simply take the existing balance, add any deposits made since the last reconciliation and subtract ALL withdrawals (whether or not they have posted electronically). This will give you the new balance.

The sample below is a creative commons sample check register. This would be a good example to have students practice with because it shows what happens when an account is not balanced and gets overdrawn.

FIRST BANK OF WIKI
1425 JAMES ST, PO BOX 4000
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CHEQUING ACCOUNT STATEMENT
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JOHN JONES
1643 DUNDAS ST W APT 27
TORONTO ON M6K 1V2

Statement period	Account No.
2003-10-09 to 2003-11-08	00005-123-456-7

Date	Description	Ref.	Withdrawals	Deposits	Balance
2003-10-08	Previous balance				0.55
2003-10-14	Payroll Deposit - HOTEL			694.81	695.36
2003-10-14	Web Bill Payment - MASTERCARD	9685	200.00		495.36
2003-10-16	ATM Withdrawal - INTERAC	3990	21.25		474.11
2003-10-16	Fees - Interac		1.50		472.61
2003-10-20	Interac Purchase - ELECTRONICS	1975	2.99		469.62
2003-10-21	Web Bill Payment - AMEX	3314	300.00		169.62
2003-10-22	ATM Withdrawal - FIRST BANK	0064	100.00		69.62
2003-10-23	Interac Purchase - SUPERMARKET	1559	29.08		40.54
2003-10-24	Interac Refund - ELECTRONICS	1975		2.99	43.53
2003-10-27	Telephone Bill Payment - VISA	2475	6.77		36.76
2003-10-28	Payroll Deposit - HOTEL			694.81	731.57
2003-10-30	Web Funds Transfer - From SAVINGS	2620		50.00	781.57
2003-11-03	Pre-Auth. Payment - INSURANCE		33.55		748.02
2003-11-03	Cheque No. - 409		100.00		648.02
2003-11-06	Mortgage Payment		710.49		-62.47
2003-11-07	Fees - Overdraft		5.00		-67.47
2003-11-08	Fees - Monthly		5.00		-72.47
	*** Totals ***		1,515.63	1,442.61	

https://commons.wikimedia.org/wiki/File:BankStatementChequing.png

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

e. Describe overdraft fees including why they are assessed and how to avoid them.

This element really needs to be taught at the same time as SSPFL2d. Even the graphic above can be used in conjunction with this element. Overdraft fees are assessed by a banking institution when a person writes a check or uses a debit card and uses more money than is available in the checking account. They are assessed primarily for two reasons. The first is punitive. The bank wishes to discourage the customer from using more money than they have and assesses this fee as a disincentive to do that. The second reason the bank charges this fee is functional. For the bank, an overdraft causes a technical problem as they have to rearrange some of their assets and liabilities to cover the overage. Think of a simple bank with two customers, both of whom deposit $100. The bank is now liable for $200. Customer A goes shopping and racks up a bill for $150. Since he only deposited $100, the bank is now in a strange situation. They could reject the charge, which might upset the customer or they could go ahead and pay the $150 to the store. Where does the extra $50 come from? Well, possibly from customer B, assuming he doesn't need it. Possibly from some other investment the bank made or maybe extra profits sitting around. No matter where it comes from, the bank is using money that could be used for some other purpose and the bank wants to be covered for that opportunity cost. Thus, they charge an overdraft fee. The amount they can charge is not currently regulated. Many banks now offer overdraft protection where the customer can pay a small amount every month and the bank won't charge them a large fee later if they over draw.

Students are likely to have many questions about overdraft charges and, chances are, almost all of their questions can be addressed through the Q&A on this website from the US Treasury Department: https://www.helpwithmybank.gov/get-answers/bank-accounts/overdraft-fees-and-protection/bank-accounts-overdraft-protect-quesindx.html

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

f. Explain the concept of net worth.

Another very straightforward and relatively simple element. For a student to explain net worth, however, you will need to expose them to the concepts of assets and liabilities. Budgeting is great for the here and now – for your monthly income and expenses – but what about long term? A person's net worth is simply their assets minus their liabilities. When students hear those "world's richest person" numbers, they are often hearing net-worth numbers. One very simple way to introduce this concept to students is have three students come to the front of the room. Have one hold up a card that reads $1,000,000, a second that reads $85,000 and the third card should read $35,000. Tell them this is the total value of all of their assets. Ask who is the wealthiest. Obviously, with no further information, the first student is. Now give each of the students a second card for the class to see. Give the first student a card that reads $1,500,000, the second student one that reads $85,000 and the third student one that reads $10,000. Explain that this second card is how much each student owes in debts – cars, houses, loans, etc. What has changed? Now the third student is relatively better off because even after paying off all of their debts, they have money left over, something the other two do not have. This, in essence, is net worth.

There are many lessons out there that teach net worth, but one of the absolute best is this lesson from the St. Louis Federal Reserve Bank. It has everything a teacher would need, including a very engaging hook activity, to teach this element: https://www.stlouisfed.org/~/media/Education/Curriculum/pdf/Making-Personal-Finance-Decisions-Lesson-2A.pdf

SSPFL3 Evaluate different methods for paying for goods and services.

As the world progresses and technology develops, different methods for paying for goods and services continue to increase. In 2011, 36% of people said they made all of their purchases with cash. By 2016 that number had dropped to 24% and 12% of people said they NEVER use cash. (http://www.gallup.com/poll/193649/americans-using-cash-less-compared-five-years-ago.aspx) This element is designed to have students take a critical look at a variety of methods for paying for goods and services. The word evaluate is critical to this element as the students should ultimately be using the information they learn in this section actually make wise decisions in their lives. Understanding when certain types of payments are acceptable and how to manage those payment types is crucial to those decisions.

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.

These two elements have a tremendous amount of overlap and can (and probably should) be taught as part of one lesson. In fact, the chart below can be used to compare and contrast not only the methods from element b, but also the ones in element a. Before getting to the chart, take note of the "and other options" component of element a. Have the students make a few suggestions of other ways to pay for items. You may get answers like Apple Wallet, my phone, my app, PayPal, barter, etc. Feel free to use these as well to give the students more of a connection to the lesson. Point out, however, that many of the app-based payment systems are really an electronic version of a pre-paid card.

The chart below incorporates components of both elements and can be used in a variety of ways. Please note that this is NOT a comprehensive list and is merely presented here as a starting point. Students will no doubt come up with other characteristics to put in the boxes that are equally as relevant. No matter how the material is presented to students, however, the ultimate goal is to tie the elements back to the standard and have students actually evaluate the methods. One potential assessment for this might be to give students a list of 5 – 10 purchases and ask which payment method would be most appropriate for each purchase. While there would not be a correct answer, necessarily, having the students defend their choices would give you an idea of whether or not they understand the payment types.

Payment Method	How Does It Work?	Acceptability	Costs?	Advantages	Disadvantages
Cash	payment is made with legal bills and coins in varying amounts	mostly universal but in some situations sellers may not have cash for change and may only accept cards	no financial costs, in fact, some places like gas stations sometimes give discounts for using cash	nearly universally accepted, familiar to most people, less likely to spend compulsively	can be lost/misplace/stolen easily, limited to what you physically have on you, no consumer protection
Checks	you sign a piece of paper (check) allowing someone to receive money out of your account at a later date	mostly universal, but some smaller retailers are limiting their use to streamline payments, also some large purchases won't allow checks	many banks require the consumer to purchase the actual checks (although some offer free checks)	safer to send in the mail, more likely to record the transaction, essentially work like cash	time-consuming, retailers becoming less accepting, many checks now being run immediately (essentially like a debit card)
Debit Cards	plastic card with magnetic stripe or chip that allows seller to verify **funds in a bank account** and transfer those funds immediately or at a later date, requires a pin number	becoming almost universal, small events and local markets may not accept, occasionally hotels and car rentals won't accept	vast majority of debit card use is free although some banks charge a monthly fee or a fee if used over a certain number of transactions	very efficient, can be used online or in person, quicker processing than checks, keeps an electronic record for balancing checkbook, pin number helps keep security, most banks offer fraud protection	pin numbers can be forgotten, card number can be stolen through fraud, card expires, machines can be offline or down at stores
Credit Cards	plastic card with magnetic stripe or chip that allows seller to verify funds **from a loan** and transfer those funds immediately or at a later date	similar to debit cards except more likely to be accepted (or even required) at some hotels and car rental facilities	credit cards can be subject to a variety of fees including annual fees and usage fees, but most importantly credit cards attach **interest** to purchases not repaid within a grace period	banks typically offer high degrees of fraud protection, very efficient, online or in person, keeps a record of transactions, may come with a rewards or cashback program, helps start/develop credit score	**interest** added on to purchases, misuse of them can damage credit score, card expires, system may be offline
Prepaid Cards	plastic card with magnetic stripe or chip that allows seller to access funds directly from the card which has a set amount of money on it	depends – some prepaid cards are endorsed by Visa or MasterCard and accepted at many stores, others are "gift cards" an may only be accepted at one or a few locations.	some cards have a fee when purchased, some cards begin charging a fee or reducing their value after a certain period of time or charge to reload	the amount of money on the card is pre-determined to prevent overspending, great as gifts, some cards can report activity to credit agencies, safer than cash	may be limited in usage, fees to use in some cases, sometimes can't be used for partial payments
Phone App	often just like a prepaid card, but on the phone	pretty low, but increasing, some stores encourage using their own app	for store-based apps none, for some cards similar fees to physical prepaid cards	extremely convenient, tracks purchases for points or store bonuses, special offers sent to phone	relies on phone battery and store infrastructure to work, may have fees, limited acceptability
Online Services (PayPal)	buyer sends money to seller using a special online service	limited largely to online purchases	typically seller pays the fee but this may cause them to raise prices	very safe, especially when dealing with unknown sellers, convenient	limited to online use, may be tied to your bank account as a backup funding source

One final note on these elements. At some point the question of what Visa and MasterCard do will probably come up. While a quick google search will help you out this, if this is the only document you have handy, then the quick answer is that Visa and MasterCard are interchanges. That means all they do is verify funds in an account and send an approval code to the bank asking for money (and eventually the store). They get paid for this per transaction. The reason they are necessary is because it would be incredibly difficult for every bank in the world to have access to all other bank records all over the world at any given moment. If I live in Georgia and take a trip to northern California and go to make a purchase a local restaurant, the only way they know if I have money in my bank account is if someone with access to my bank account verifies that. Visa and MasterCard provide that network and then contract out with banks to get access to that network. American Express and Discover, incidentally, do this as well, but they also make their own loans for their cards and are much smaller in terms of network.

Resources:

Great video from Bank of America's Better Money Management that covers debit cards and how they work in great detail:
https://bettermoneyhabits.bankofamerica.com/en/personal-banking/teaching-teens-about-debit-cards

More info about interchanges than you probably ever wanted to know from a company that is part of the interchange process: https://www.merchantservices.cc/topline-moneymakers/understanding-visa-mastercard-interchange/understanding-visa-mastercard-interchange/

Prepaid Card Protections and FAQs from the Consumer Protection Bureau:
https://www.consumerfinance.gov/askcfpb/search/?selected_facets=category_exact:prepaid-cards

SSPFL3 Evaluate different methods for paying for goods and services.

c. Explain how to avoid fees when using debit, credit, and prepaid cards.

Before explaining how to avoid fees when using these payment methods, you need to go over what the various fees are. In doing so, be sure to explain to students that not all cards have these fees and that you are teaching about these cards in a general sense and not specifically about any one card. These cards basically come with three types of fees, usage fees, overage/late fees, and annual/monthly fees.

Usage fees occur when the payment method requires extra money on top of the original transaction. For example, sometime stores have signs that say "debit card purchases require a $5 minimum charge or there will be a 3% fee added on." Note – this is NOT a fee on the card itself (in this case) but a fee assessed by a seller. Still, it is a fee associated with debit cards and one that be avoided by simply using cash in this case. Prepaid cards have the largest potential for usage fees. Firstly, you usually have to purchase the card, which is in essence a usage fee. There may also be fees to reload the card or to use the card at certain types of retailers. Finally, many prepaid cards charge a usage fee to get money from an ATM. To avoid these fees, the most obvious answer is to not use a prepaid card. However, in the event that someone wants a prepaid card, they should visit a site like bankrate or nerdwallet that have thorough comparisons of prepaid cards and their fees.

Overage or late fees are more associated with credit cards and, to a lesser extent, debit cards. These fees kick in when the consumer overdraws the account or fails to make a payment on time. These fees can be very expensive and, when occurring on a credit card, can negatively affect a person's credit score. Also, some banks raise a person's interest rate on the credit card if one of these fees are assessed. To avoid these fees, keep your checking account balanced, always check your available credit before making purchases, and make all monthly payments on time, even if you are just paying the minimum payment.

The final broad category of fee is the annual or monthly fee. Monthly fees are mostly reserved for prepaid cards and are designed to limit the liability of the issuing bank of the prepaid card and make sure people actually use the money they put on the card. Annual fees are more common with credit cards. These fees are generally assessed on cards that offer some kind of rewards program or cashback offer. This way, the issuing bank is still getting some form of payment even if the owner of the card is paying the money back in full each month. Both of these fees can easily be avoided with a little research into cards that do not have these fees. There are plenty of prepaid and credit cards that do not assess a monthly or annual fee.

SSPFL3 Evaluate different methods for paying for goods and services.

d. Explain the major consumer protections related to debit, credit, and prepaid cards, especially if they are lost or stolen.

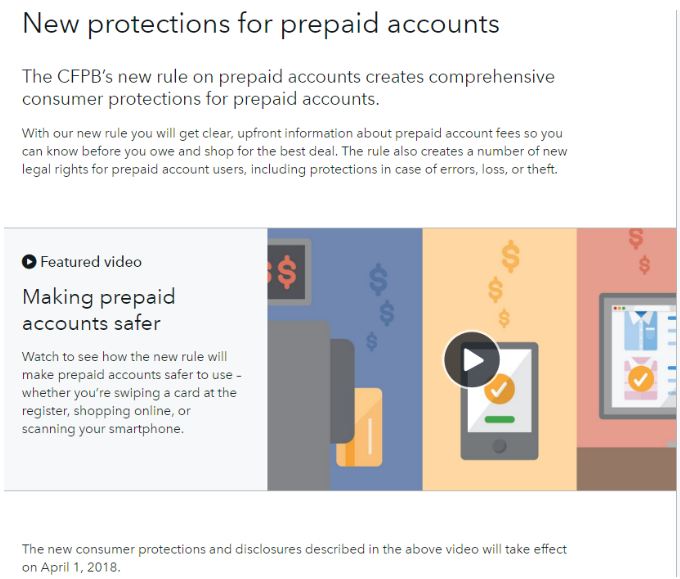
One of the biggest benefits to carrying some sort of plastic instead of cash is the ability for someone else (like the bank) to take responsibility for fraudulent transactions. If you have $100 cash and some steals it, there's not much you can do about it. But, if someone takes your debit card and manages to get $100 out of the ATM, you can typically are able to get that money back.

Regarding debit cards, fraud protection is generally the largest form of consumer protection. According to the Federal Trade Commission (FTC), if you report your card lost or stolen before someone uses it, you are not responsible for ANY of the transactions. If a lost or stolen card is reported within two days, the maximum a person is responsible for is $50. That amount goes up to $500 if reported after two days.

After 60 days there is no guarantee of protection. Individual banks are allowed to make policies that grant more protection, but not less.

Credit cards are slightly different. If a credit card is lost or stolen, the maximum a person is responsible for is $50 worth of transactions. There are other consumer protections surrounding credit cards as well. One of the major protections is the ability to get a free credit report every year. This is available from annualcreditreport.com. Even though this is a ".com" instead of a ".gov" site, it is a sanctioned site and approved by the FTC. There is no charge for an individual to get one credit report per year. Additionally, the FTC regulates credit markets differently than debit cards. Consumers are protected in many ways from what are called "predatory lending practices." These include everything from charging different interest rates based on race or gender to charging excessive penalties and/or interest rates. A detailed list of these protections can be found at the debt.org link in the resources section.

Originally, prepaid cards were not afforded many of the same protections offered to debit and credit cards, especially when they were lost or stolen. The FTC initially treated these cards all the same whether they were gift cards to a store or one of the more generic Visa or MasterCard-sponsored cards out now. Recently, however, the Consumer Financial Protection Bureau has issued a rule that now gives consumers many of the same protections on their prepaid cards that they would get on regular debit cards. Most of these rules begin in April of 2018. The video below explains these protections (CTRL + Click to follow the link).



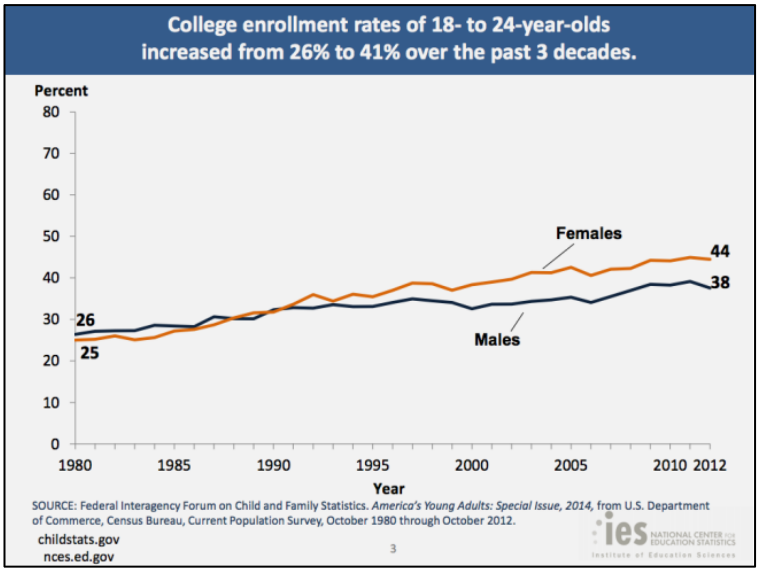
(Consumer Financial Protection Bureau - https://www.consumerfinance.gov/prepaid-rule/)

Resources:
FTC information on lost/stolen debit or atm cards: https://www.consumer.ftc.gov/articles/0213-lost-or-stolen-credit-atm-and-debit-cards

List of consumer protections from lending practices, including credit cards: https://www.debt.org/credit/predatory-lending/

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.

This standard exists for the purpose of getting students to honestly and thoroughly consider after high school options. Many students feel they are "expected" to go to college after high school. They may feel this way due to home, peer, societal, or career choice pressures. The graphic below shows that, at least through 2014, more and more people were enrolling in college right after high school:



While furthering their education in a traditional way makes a lot of sense for many students, the reality is it is not the best course of action for everyone. That said, remember that you taught the students back in standard PFL1 that there is a strong correlation between increasing education and increasing lifetime earnings. This standard is by no means designed to convince students to go to college or not to go to college. The term evaluate means to critically weigh these options and discuss positives and negatives and, ultimately, make a choice. The elements that follow are presented to give students tools to make better lifelong decisions when it comes to big choices like what to do after high school.

Before getting to the elements, understand that students may present options not listed in the standard (hence the "other options" component). These may include internships or religious responsibilities or any number of things that could be unique to only one person. You must allow for this flexibility as students work through the elements of this standard. The only way this will have the most meaning is if the students are allowed to apply this to their own lives. In terms of learning the content, the PROCESS is more important than the list of alternatives. In terms of a true evaluation, the maximum benefit and greatest potential for future learning will occur if students are able to relate in a strong way.

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

This element is somewhat unique in that the element directly refers back to the standard. For practical reasons, this is done to avoid listing the same items again. The other implication here, however, is that a student really needs to focus on the model itself. Also, it is very important to take note of the word "use" in the element. This absolutely means that a student needs to put this model to work. It is not sufficient to simply teach the components of the model to students – they must apply it.

The rational decision making model is essentially cost-benefit analysis, but with a bit more depth. The model basically has 3 components: alternatives, criteria, and a rating system. When placed on a chart, the rational decision making model looks like this:

Name:______________	**Criteria**			
Alternatives for (insert problem/decision)	**Criteria 1**	**Criteria 2**	**Criteria 3**	**Criteria 4**
Alternative 1				
Alternative 2				
Alternative 3				

Alternatives are the various options a person has for a given problem or situation. In this case, the standard clearly lays out the alternatives and a sample chart can be seen below. When teaching this to students, make the case that the alternatives need to be honest, legitimate options that could actually happen. For example, a student can't say that after high school, they plan to immediately join the Atlanta Falcons and play professional football. Even if they are a fantastic player, NFL rules prevent that from happening currently so that is not a viable alternative. Furthermore, it is almost equally unproductive to have the students list all of the options from the standard when they know for a fact they are not even considering doing some of them. The rational decision making model works best when students narrow down their alternatives to three of four things they are actually considering, but may not have worked out all the details yet.

The criteria are the things the students will use to distinguish their alternatives. Basically, in the model, these should be the critical things that are important to an individual regarding the problem. There are no universally accepted criteria! These can and SHOULD be unique to the individual. What is important to one students will not be important to another. The two examples below demonstrate this concept. Notice how both of the students have college listed as one of their alternatives. Their criteria for what they want after high school is completely different and leads to two very different choices.

Finally, a rating system is needed to truly distinguish the "best" alternative. There are three common rating systems used with the Rational Decision Making Model:

- **A yes/no/maybe system**: If the alternative achieves the criteria, place a yes in the box. If it does not, write no. If not sure or if it's complicated, answer maybe. The alternative with the most YES answers is the one the student should choose. **A +/-/? system works the same way.**

- **A rating system**: Rate each alternative on scale from zero to two. A two is most beneficial (or best answers the question), a zero is least beneficial and a 1 is neutral. The alternative with the *highest* score wins.
- **A ranking system:** Rank each alternative against each other. For example, if students are looking at college and the criteria is price, then the most expensive might get a zero, second most gets a one, and the cheapest gets a two. The alternative with the *highest* score is the one the student should choose.

Two example students are provided below to give you an idea of how this might look. Remember – these are SAMPLES and the alternatives and criteria provided are not to be taught as the only options. Similarly, two different students may answer these questions differently. It's all personal!

Name: Student A	**Criteria**			
Alternatives for after high school	**Will this further my education?**	**Will this help me make connections and meet people?**	**Will this allow me free time for my hobbies?**	**Will this make my parents happy?**
Go to college	yes	yes	maybe	yes
Work a full-time job	maybe	yes	maybe	maybe
Take a gap year with no specific plan	no	maybe	yes	no

Decision: GO TO COLLEGE

Name: Student B	**Criteria**			
Alternatives for after high school	**Will this help me get an industry-accepted certificate for work?**	**Will this be affordable without loans?**	**Is it nearby so I can come home often?**	
Go to traditional college	no	no	yes	
Join Military	maybe	yes	no	
Go to specialized tech school	yes	yes	yes	

Decision: Go to specialized tech school

What if there is a tie? Sometimes, the way a student chooses criteria and answers the questions they will end up with the same number of "yes" answer for two different alternatives. There are two options in this case. The first is to add a criteria. The second is to weight a criteria. It may be the case that, while all the criteria are important, one may be slightly more important than the others and that criteria should be weighted 1.5x or 2x etc.

IMPORTANT! This element is sensitive to the grade level and time of year. A 9th grader is likely to approach this element very differently than a second-semester 12th grader. Be flexible. If a student has already chosen a college and has a full scholarship, then their after high school problem should be something like: where should I live on campus or what extracurricular activity should I join first, etc. As of this writing there is no standardized test for this course so be flexible and make it meaningful for the students.

Resources:

The Dallas Fed's Navigate Resource is an amazing set of materials for students to do research on all sorts of post-secondary options: https://www.dallasfed.org/educate/navigate

New York Times article about decreasing enrollment in college: https://nyti.ms/2jDQTX8

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.

b. Describe opportunity cost as it relates to the options in SSPFL4.

This is perhaps one of the easiest elements to teach in the whole course. In economic terms, opportunity cost is the value of the NEXT BEST ALTERNATIVE. If you had a choice between Y and Z and you chose Z, your opportunity cost is Y. Once the students in the class have completed element a of this standard. Ask them to identify their next best alternative. Ideally, this would be the alternative with the second most "yes" answers or second highest rating. This – and ONLY this – is their opportunity cost. That last point is important. An opportunity cost is what you would have done had you not have done the thing you chose to do. Therefore, it is inaccurate to say that because a student chose to go to college, they gave up everything else on the list in SSPFL4. Everything else on the list was not an option! Student A in our example above was not going to go to college, work full time AND take a gap year. She was only going to do ONE of those. Therefore, since she decided to go to college, her opportunity cost is working a full-time job. Student B's opportunity cost is joining the military.

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.

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.

While this element looks long, it is actually very straightforward. At the heart of this element is the growing concern over the skyrocketing number and dollar amount of student loans being issued in the United States. Students need to be aware of other options to pay for whatever they choose to do after high school. Likely this discussion will focus heavily on direct expenses like tuition and boarding, but remind students that there are many expenses a student out of high school might face like paying for their own food, gas, entertainment, etc. For more about the specific costs of college, the Dallas Fed's Navigate materials have a lesson on the true costs of college and can be found here (click on Unit 4): https://www.dallasfed.org/educate/navigate

Remember that since the element requires students to evaluate again, students need to be presented with opportunities to make value judgements about the different payment options. In terms of which costs and benefits you should teach, remember that, as with most elements in this course, the specifics are not as important as the bigger idea. Students should understand that some of these payment types have some upfront costs in terms of dollars and time (scholarship applications, saving money instead of spending) where as other types have little upfront costs, but larger long-term costs (loans with interest, work-study programs that require a time commitment after graduation for example).

Again, the "other options" phrase appears. It would be nearly impossible to make a list of every possible payment method so students are allowed to insert their own and discuss it. For some students, parents paying for everything may be an option, for example. Also, working to earn your own money is not listed and should be presented to students if they do not bring it up.

Whatever costs benefits you discuss with students, tie the element back to the standard by discussing which payment options make the most sense for various post-high school choices.

Resources:

The Dallas Fed's Navigate materials are perfect for many concepts related to post-high school life: https://www.dallasfed.org/educate/navigate

The US DOE Page about various loans and grants with an accompanying video: https://studentaid.ed.gov/sa/types

Very detailed article on the increase in student loans (probably too detailed for students): https://www.federalreserve.gov/econresdata/notes/feds-notes/2015/how-much-student-debt-is-out-there-20150807.html

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.
d. Review and complete a sample Free Application for Federal Student Aid (FAFSA) form.

Much like the tax forms discussed in standard SSPFL1, the goal here is NOT to have students actually fill in a FAFSA form with real information. DO NOT ASK STUDENTS TO FILL IN THEIR ACTUAL INFORMATION! The goal and purpose of this element is simply to expose students to the form in situations where students may not be familiar with it or that it even exists. The sample form found in the resources also includes paragraphs for what to put in each section.

Just like with the tax forms, a student could simply be given some information about a person and fill out a FAFSA on that person's behalf.

What may also be useful (although this goes beyond the element a bit) is to look at what a letter from the university may look like AFTER the FAFSA has been completed. A sample one is below showing the different types of grants, loans, and scholarships a person may be eligible for. This would be an effective tie back to element c as well.

SAMPLE UNIVERSITY

Dear Joe Sample:

GENERAL INFORMATION
The Office of University Financial Aid has prepared this statement using the following criteria:

Academic Level: Undergraduate Freshman
Dependency Status: Dependent
College: Undergraduate
Major/Program of Study: Non-Declared Major
Housing Category: On-Campus Housing

ESTIMATED COST OF ATTENDANCE:	**$55,000**
Tuition and fees:	$39,000
Housing and meals:	$13,000
Books and supplies:	$ 1,000
Personal and miscellaneous:	$ 2,000

AWARD

	Description	Fall	Spring	Total	Accepted Y/N
1	President's Scholarship	$10,000.00	$10,000.00	$20,000.00	Y/N
	Federal Pell Grant	$600.00	$600.00	$1,200.00	Y/N
	Federal Supplemental Educational Opportunity Grant (FSEOG)	$500.00	$500.00	$1,000.00	Y/N
2	State Scholarship	$450.00	$450.00	$900.00	Y/N
3	Federal Work-Study (FWS)	$1,500.00	$1,500.00	$3,000.00	Y/N
	Federal Perkins Loan	$1,250.00	$1,250.00	$2,500.00	Y/N
	Federal Stafford Loan – Subsidized	$1,750.00	$1,750.00	$3,500.00	Y/N
	Federal Stafford Loan – Unsubsidized	$1,000.00	$1,000.00	$2,000.00	Y/N
			Total:	**$34,100.00**	

If any of the information in the table above is incorrect, please contact the Office of Financial Aid in writing or via the Ask the Counselor service.

Office of University Financial Aid
Sample University, 199 State Street, 4th Floor, City, MA 02009
800.555.1212 www.sampleuniversity.edu

(http://www.mefa.org/wp-content/uploads/2015/01/awardlettersample_picPM.png)

Resources:

Get a sample paper copy of a FAFSA here: https://ifap.ed.gov/eannouncements/attachments/20172018FreeApplicationforFederalStudentAid(FAFSA)(EN).pdf

The official FAFSA page from the USDOE: https://studentaid.ed.gov/sa/fafsa

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

Whether you agree or disagree with using credit as a means of consuming goods and services, there is no denying its importance in the United States economy. This standard is not designed to promote or discourage use of credit. Instead, it presents an opportunity for students to understand why credit exists, how it is used, and how it affects their lives. As you work through the elements of this standard, remain focused on the importance of credit and how it is relevant to adults in various ways.

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

a. Define credit and interest rates.

Credit, in its most pure form, is the ability to consume a good or service now with the promise that it will be paid for in the future. The Latin root word of credit is "cred," which means "believe." The basic concept is based on trust. The producer trusts that the consumer will pay in the future and, therefore, is willing to wait for payment. This is the basic premise for things like store-based credit cards or seller-financing of vehicles, etc. Banks are also willing to extend credit, called revolving credit in the form of a credit card, where the consumer can use the money as they wish and pay it back to the bank later.

While trust is at the center of credit, what really makes sellers and banks want to extend credit is the ability to earn interest. You should always teach the students that interest rates are the price of money. Interest rates are expressed as a percentage. In the most simplified example, if you take out short-term credit for $100 and the interest rate is 5%, you must repay the lender $105. Explained this way, it should be obvious to see why someone would extend credit. For example, if I am a retail store and I want to sell a couch for $1,000, it may be hard to find people who actually have $1,000 right now to spend on a couch. There more people, however, that could pay me $300 now, $300, next month, $300, the following, month, and $100 the month after that. Since I'm taking a little bit of a risk waiting for the rest of the $1,000 to come in, I charge a little bit of interest and, when everything is repaid, I end up getting $1,100 (or more) for my couch. Great deal, right? It is, as long as everyone actually repays and acts like they are supposed to.

This is also a good time to remind students that banks also PAY interest rates for savings accounts. This encourages people to save their money in banks so banks can facilitate credit transactions. In actuality, the bank customer is, in a sense, "lending" the money to the bank so the bank paying interest is really no different than a consumer paying interest.

Remember that this is a low level element – define. The element is really in place to clarify the language and make teaching the rest of the standard easier. There is no need to spend a significant amount of time or resources on this element. Just be sure students are comfortable with the idea of paying interest. The concept of interest rates are visited a few other times in the course.

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

b. Describe factors that affect credit worthiness and the ability to receive favorable interest rates including character (credit score), collateral, and capacity to pay.

This element covers what is commonly referred to as the "3 Cs" of credit: character, collateral, and capacity. These broad categories include many specific factors that go into a person's credit worthiness. The element asks students to "describe" these factors. That basically means that students need to be able to give some examples of things within the 3 Cs that affect a person's credit worthiness. As an aside –

credit worthiness is a term used to describe both a person's ability to receive credit via an application AND a person's ability to get a good interest rate.

A person's financial character is essentially a way to answer the question "are you likely to repay me?" How can a bank know that? Students often answer by saying to look at the credit score. The next element in this standard deals with credit scores more specifically, but in terms of this element, teach students some basics behind what is in a credit score including history and recent credit applications. You will be able to expand on this in the next element.

Collateral is fairly self-explanatory. In the event the consumer doesn't repay the loan, what do they have of value that the bank could take to try to recoup some of the money. Sometimes loans are collateralized by whatever the loan is for (car, home, etc.) and sometimes the borrower must offer some of their own property to secure the loan. Some loans, like credit cards, are not secured by any material and are, therefore, riskier to the bank.

Capacity is the "ability" to repay the loan. Even if a person's financial character is great – they may not have the income to get the loan or their expenses may be too great. Capacity can be affected by things like employment, previous obligations, and savings.

A unique way to teach this concept to students is to try to get them to figure these things out without telling them. To do this, explain that as a class they are going to make a decision whether to loan someone $35,000 to buy a new car. Have them create an application that asks everything they want to know about this person before they will lend the money. Once the application is created, have the students break the questions down into the 3 Cs.

Even though this element only requires students to describe these factors, taking this element up a notch and having them evaluate some fake applications is a great way to get students to understand how this process works in the real world. The biggest takeaway from this activity is YOU HAVE TO LOOK GOOD ON PAPER!

Resources

Lesson 9A from the Minnesota Council on Economic Education's publication "Making Personal Finance Choices" is a perfect lesson to use to teach this concept:
https://www.mcee.umn.edu/sites/mcee.umn.edu/files/mpfd2016.pdf

The following video from the St. Louis Fed describes how credit scores are calculated:
https://www.stlouisfed.org/education/continuing-feducation-video-series/episode-1-understanding-how-a-fico-credit-score-is-determined

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

The first thing to note about this element is you want to be clear about the difference between a credit score and a credit report. A score is a number. A numeric representation of a person's credit worthiness. This element asks students to describe the "components" of a credit score. The components are actually found in more detail on a credit **report.** Some lenders only use a credit score to decide who gets a loan, but more common is for lenders to get a credit report which includes the basic components of a credit score. While you don't need to spend a great deal of time on this difference, at least acknowledge it.

One common misconception people have about credit scores is that there is only ONE score. Actually, there are a variety of ways to calculate credit scores and several companies that calculate them. Even the score that most people refer to when referring to a credit score – the FICO score – can vary slightly depending which factors are being included and how they are weighted. Some companies even develop their own methodology for evaluating a person's credit. Kia Motors, for example, uses a proprietary method for calculating a credit score based on factors that they think make people more like to repay a car loan. What's more, when a person gets their credit score from a company like Transunion or Experian, they are often getting something called an "educational score" which may be different than the score used by a number of lenders when making an actual decision.

That said, the items included in this element are commonly included in a credit score – even if the weights or actual metrics may differ. The exact formulas used for most of these credit scores are proprietary and not publicly available. It is almost always the case that payment history is one of the highest weighted parts of the formula, however.

The three big companies that report credit scores are Transunion, Experian, and Equifax. Different lenders have contracts with the various companies for credit reporting. Capital One works closely with Experian, Bank of America with Transunion, etc.

Payment history includes how frequently a person makes their monthly payments on time. To have a payment history, therefore, someone must have lent money to the person in the past. Payment history is tough for young people because they have no history. Students often wonder how the credit companies get this information. Explain to students that payment history is reported to the big credit agencies by lenders. Not every lender reports payment history on the same schedule and, in some rare cases, some lenders don't report history at all. Usually one or two late payments will not drastically affect a person's score (although they can), but a trend of late payments will significantly harm a score.

Debt to income ratio is a monthly measure of a person's ability to make a payment. It uses monthly debt service payments compared to a person's gross monthly income. Debt service payments are typically calculated by looking at a lender's minimum monthly payment requirements. Gross monthly income is usually taken from the income reported on credit applications so this can change over time. While there is no absolute standard for what is good/bad, 35% or less is generally seen as a "good" number and over 50% is bad. The lower the debt to income, the better.

Amount owed is a nominal value that literally adds up how much is owed to creditors. This number can change with each reporting period so it is important to check a credit score frequently. By itself, amount owed, is only somewhat useful as a person's income and the type of credit owed can characterize the debt differently.

Length of credit history is exactly what it sounds like. How long have accounts been opened? The longer accounts have been opened, the better. NOTE: Because this is seen as a measure of credit worthiness, a person who is trying to improve their credit should NOT close accounts – especially old accounts! Closing an old account removes that account from history and this can actually have a negative impact on a credit score.

All credit is not created equal and, thus, types of credit used is displayed on a credit report. Student loans are not treated the same way as revolving credit cards. A mortgage that is collateralized by a house is not the same type of loan as a debt consolidation loan with no collateral. While not a major part of a credit score, knowing the type of debt a person carries can make a difference to some lenders.

Amount of available credit compares a person's credit line to how much they have used. In general, a lender wants to know that you have not maxed out all your available options. A low amount of available credit may indicate a person is unable to handle their finances and is potentially desperate.

Something that surprises many people is to find out that recent credit applications can have a negative impact on a credit score. Similarly to a low amount of available credit, many applications for credit may indicate that an individual is out of reasonable options and is looking for money to handle prior mismanagements of money.

Do not hesitate to spend a full class period or two on this element. It is critically important to understand how credit scores work. There are some popular personal finance experts that suggest credit scores are useless and people should not be borrowing money under any circumstances. While this is admirable, the reality is many people do borrow money or will need to at some point and they need to understand the complex nature of lending decisions.

NOTE: Having a sample credit report would be very helpful for teaching this element. While unable to procure a "fair use" one for this document, they are very easy to search for. Use your favorite search engine and type in "sample credit report." Each of the major reporting agencies provides samples as well as several organizations that show you exactly what a store sees when they run your credit.

Resources

Article on use of credit scores and reports and how they are changing. Also includes an interesting list of the various types of credit scores available:
https://www.forbes.com/sites/robertberger/2017/01/06/which-credit-score-do-lenders-actually-use/#25e4468530b1

The following video from the St. Louis Fed describes how credit scores are calculated:
https://www.stlouisfed.org/education/continuing-feducation-video-series/episode-1-understanding-how-a-fico-credit-score-is-determined

The three primary credit reporting agencies all have various educational resources that are very useful for teaching this element:

Transunion: https://www.transunion.com/credit-report

Experian: http://www.experian.com/blogs/ask-experian/credit-education/

Equifax: https://www.equifax.com/personal/education

SSPFL5 Describe the importance of credit and having a favorable credit score.
d. Describe different ways financial institutions, employers, and other parties use credit reports and credit scores.

Overwhelmingly, a credit score is used to determine: 1) whether a person is eligible for a loan; and 2) what kind of interest rate a person will get on their loan. However, there are at least three other common uses of credit scores:

1. Landlords – Increasingly, landlords are requiring credit reports in order to determine how much of a deposit they require. Tenants with very good credit, in some cases, are entering into contracts with no deposit.

2. Cell phone companies – Given the plethora of cell phone plans available, it should come as no surprise that cell phone companies want more information from individuals before letting them choose their monthly plans. Credit scores are sometimes used to decide which plan an individual is eligible for.

3. Utility companies – Similar to landlords, utility companies sometimes use credit scores to decide if a deposit is required and how much of a deposit.

The basic concept behind this is that a credit score is representative of a large swath of data that is designed to determine if a person is likely to pay bills, which these types of companies rely on. A person who is late on their credit card payment may also be late on their power bill.

As for employers, employers are usually not allowed to use a person's credit SCORE as a basis for hiring, however, employers CAN request a special type of credit report that hides social security numbers and other select information for screening purposes.

Resources

Vantagescore (a for profit company) provides a well-vetted "myths vs. reality" type page about who uses credit scores and why: https://your.vantagescore.com/resource/42

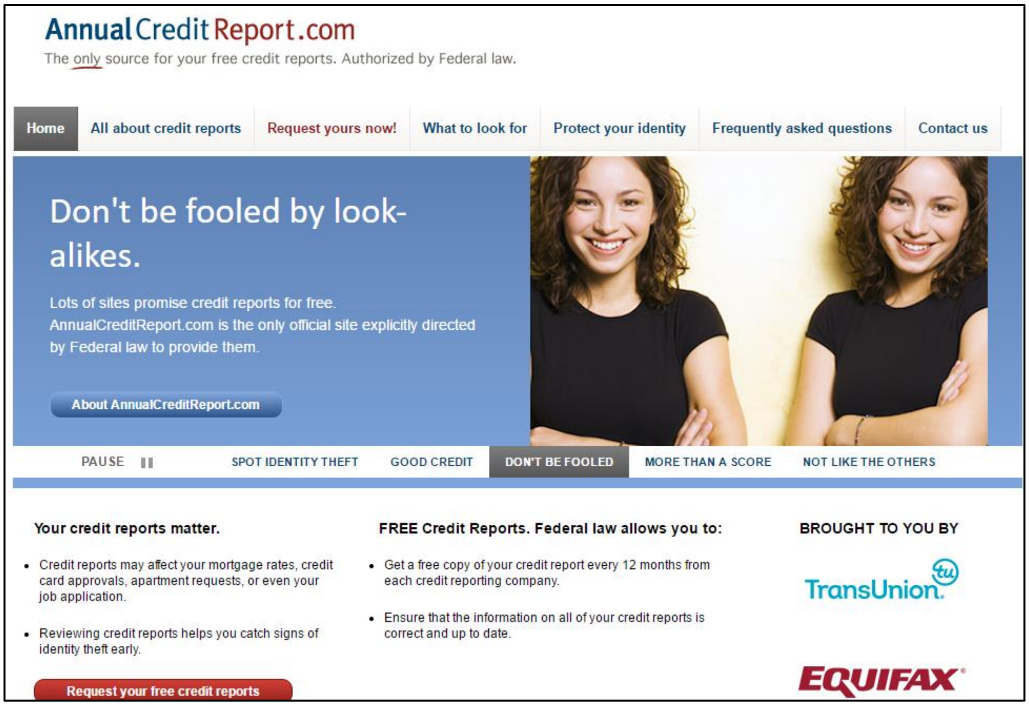
The Consumer Financial Protection Bureau has a large Q&A page where citizens have posted questions for the government agency to answer. Several of them deal with how credit scores are used, like this one: https://www.consumerfinance.gov/ask-cfpb/ive-been-looking-for-a-job-what-do-employers-see-when-they-do-credit-checks-and-background-checks-en-1823/

Federal Reserve Bank of Philadelphia: What your Credit Report Says About You: https://www.philadelphiafed.org/consumer-resources/publications/what-your-credit-report-says

SSPFL5 Describe the importance of credit and having a favorable credit score.
e. Describe how to access one's credit report and credit score.

This element is NOT designed to promote any for-profit credit reporting companies. You can teach that these companies exist as a way to educate people about their credit score, but the curriculum does not suggest one company over another. Furthermore, instruct students that if someone finds an error or incorrect information on their credit report, they need to contact the credit reporting agencies directly and in writing explaining the problem.

The one site you do need to teach is the government sponsored annualcreditreport.com. This site acknowledges it is authorized by federal law and the screen looks something like this (subject to change, of course, over time):



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

f. Analyze and evaluate a sample credit report.

This element is very straight forward and self-explanatory. Evaluating a report means the students should be deciding whether a person's credit is "good" or "bad" so make sure you have reviewed the components from element c and you have created some type of criteria available for what makes a good or bad report. Some sample credit reports can be found at the links below.

Resources

Experian: https://www.experian.com/credit_report_basics/pdf/samplecreditreport.pdf

Creditcards.com: http://www.creditcards.com/credit-card-news/help/interactive-sample-credit-report-6000.php

Long sample from Australia (still works for purpose of element): https://www.moneysmart.gov.au/media/499937/credit-report-sample.pdf

Another option is simply to conduct an internet search for sample credit report and look for images. Really, any sample will work as long as it has the basic components taught earlier in the standard.

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

g. Explain how to begin building a good credit history at an early age.

This element doesn't require a great deal of detail. Essentially, the best way to build good credit is to start USING credit. Remember, credit history is part of a credit score so the longer one has it, the more reliable that information will be. This is sometimes difficult for high school students, especially those under 18. In the resources below is a very detailed article from Investopedia that reviews a multitude of ways to begin to build credit. You do not have to teach all of the ways mentioned in the article. Choose the ones you think are most relevant for your students.

Be careful when teaching this, however, that you do not tell the students they HAVE to have credit as that is not true. Frame the discussion under the guise of *if* they want credit and a good credit score, then they need to get some kind loan or credit card in their name, use it (just having it is not enough) and pay it back. Use it, and pay it back. Use it again, and pay it back. Even small amounts of money begin to establish a good payment history so that when they apply for larger sums later in life, lenders have something to work from.

Resources

There are literally hundreds of blogs, financial articles, and videos about this topic. Investopedia has done a great job compiling all of these suggestions and tips into one place: http://www.investopedia.com/articles/personal-finance/082614/start-building-solid-credit-young-age.asp

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

h. Explain causes of personal bankruptcy and describe consequences of declaring bankruptcy.

Practically speaking, there are not universal "causes" of personal bankruptcy. By definition, each bankruptcy is unique and, well, personal! That said, a 2015 Harvard University study identified medical expenses as the most common cause of personal bankruptcy. Other major factors include reduced income/job loss, credit card debt, and divorce. The Huffington Post blog post below includes five other common reasons for bankruptcy: http://www.huffingtonpost.com/simple-thrifty-living/top-10-reasons-people-go-_b_6887642.html

The consequences of declaring bankruptcy in Georgia are a little more cut and dry. A great FAQ about Georgia Bankruptcy can be found here: http://www.georgiabankruptcy.com/faq.html#3

It is very important for this element that you teach that bankruptcy is a negative thing and something to try to avoid. It should be taught as what debtors do as a last resort. You do not want to convey the message that if things get tough, bankruptcy is a quick solution. That said, be sensitive to the fact that you may have individuals in the room who may have experienced personal bankruptcy and try not to treat it as a something they should be ashamed of and instead something to learn from.

SSPFL6 Analyze the purpose and functions of various financial institutions.

Students who have had economics courses should be at least somewhat familiar with the various financial institutions taught in that course. This standard is in the curriculum for the purpose of teaching students about the variety of institutions they are likely to encounter – either as a customer or just in passing as a citizen – as they begin to accumulate money and need financial services. Please note the use of the word analyze in the standard. Analyzing means that students need to do more than just identify basic differences in the financial institutions. Make sure they are presented with opportunities to give detailed explanations of the differences or possibly even decide which institution is best for certain types of activities (which is technically evaluating).

SSPFL6 Analyze the purpose and function of various financial institutions.

a. Analyze services offered by different financial institutions including banks, credit unions, payday lenders, and title pawn lenders.
c. Compare the benefits and drawbacks of different financial institutions including banks, credit unions, payday lenders, and title pawn lenders.

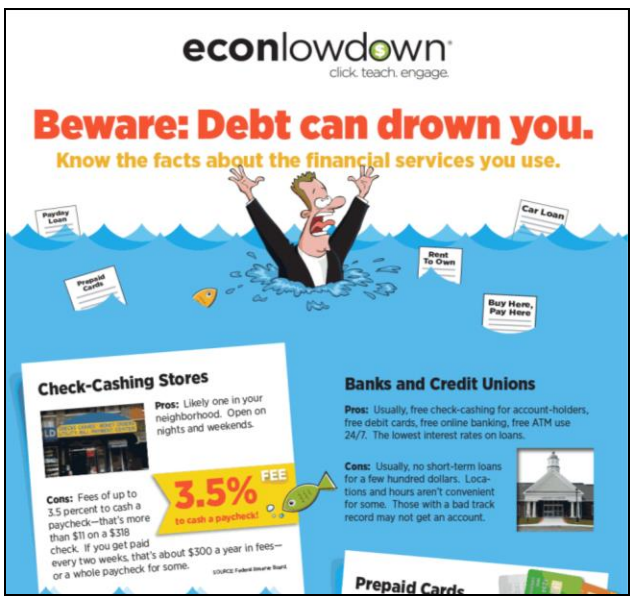
While these are separate elements, they can be taught together as there is a significant amount of overlap. The biggest thing students need to take away from these elements is that there are a variety financial institutions and some are better, cheaper, and more user-friendly than others. As with many topics in this course, you want to discourage the use of payday lenders and title pawn lenders while being sensitive to the possibility that you may have students that use (or have parents that use) these services.

The chart below shows the basic services, benefits, and drawbacks from each institution.

Institution	Services	Benefits	Drawbacks
Banks	• Almost any financial service is usually available including checking, saving, loans, business accounts, currency exchanges (sometimes), investment advice, wealth management, financial products like bonds, etc.	• Familiar to most people • Widely available and accessible via multiple locations, apps, websites, and ATMs • A “one-stop” shop for all of your financial needs • Accounts insured by the FDIC • Customers protected by federal and state banking regulations	• Most lending and customer decisions based on ultimately making profits • May not offer best rates • Sometimes have strict requirements to get accounts or services that can keep some individuals from using the services
Credit Unions	• Most credit unions offer similar services to banks with maybe even a few unique options for car loans or specialty loans that banks may not offer	• On average offers lowest interest rates for loans • Creating an account with the credit union means you are a shareholder with the credit union • Typically more customer service oriented • Accounts insured by the NCUA	• Smaller than banks and may be hard to access if traveling outside of local community • Sometimes limit membership to individuals who meet certain requirements • May not have financial capacity for larger financial transactions
Payday Lenders	• Short-term loans given under the agreement the loan will be repaid when the customer gets their next paycheck	• Usually do not require a major credit check • Tend to be available in emergencies, especially in communities with large unbanked populations	• Extremely high interest rates • Many times, they “roll over” the loan if a person cannot repay and create a new, larger loan • Many charge fees in addition to interest

			• Even if the loan is repaid, these institutions do not usually report to credit reporting agencies so customers get no benefit to their credit rating
Title Pawn Lenders	• Loans given in exchange for collateral – usually a car or piece of property.	• Other than securing the title, no other credit check is usually required • Often promise “quick” money and same day loans • Amount of loan may be higher than what the customer could get if the loan was unsecured.	• Extremely high interest rates • The exchange of the title for the loan is legally binding so if the customer doesn’t repay, their property can be repossessed by the lender • Terms of loans can be complicated

The following infographic (only partially shown) from the St. Louis Fed is also a fantastic resource. Free classroom sets of these are also available (see resources section).



With so much technology in society, interactions with financial institutions are changing rapidly. While this is beyond the standard and elements, it is strongly encouraged that you give the students an opportunity to discuss things like Mint, Venmo, PayPal, and Level Money as these companies may have more relevance for a younger demographic. However, make sure you return to the overall services offered by financial institutions as an anchor to discussing what these apps and technological services do.

Resources:

St. Louis Federal Reserve Page that has the infographic above:
https://www.stlouisfed.org/education_resources/alternative-financial-services/index.html

A detailed explanation of exactly how payday loans work from the non-profit website: paydayloaninfo.org: http://paydayloaninfo.org/facts

SSPFL6 Analyze the purpose and function of various financial institutions.
b. Explain that some financial institutions are for profit and others are non-profit and how that affects the lending behavior of the institution.

There is no expectation that you spend a great deal of time on this element. Basically, the short version goes something like this: Most commercial banks are for-profit. This means that once they have covered all of their costs, any money left over they can keep and distribute to their shareholders. The incentive, then, is to create financial products and services that are profitable. The more customers with checking, investment, and saving accounts, therefore, the more money they have with which to create these financial products. In terms of lending, these institutions charge interest rates according to levels of risk. They may even make very risky loans if there is a possibility they can sell these loans to someone else for a fee (think mortgage backed securities in the early 2000’s).

Credit unions, on the other hand, are mostly non-profit entities. This means the “owners” of the credit union are technically the account holders. The incentives here are not profits, but reasonable interest rates on loans and safer investment and savings options.

Resources

This post from mycreditunion.gov provides a clear explanation of the difference: https://www.mycreditunion.gov/about-credit-unions/Pages/How-is-a-Credit-Union-Different-than-a-Bank.aspx

SSPFL6 Analyze the purpose and function of various financial institutions.
d. Describe difficulties “unbanked” people face; including lack of security, difficulties securing financial services, and increased financial cost compared to using traditional financial institutions.

In 2011, the FDIC estimated there were around 10 million American households that were unbanked. This phenomenon is particularly notable in minority and immigrant communities. Being unbanked means that a person does not have a bank account or, according to some descriptions, has no meaningful relationship with a bank or credit union as a customer or member.

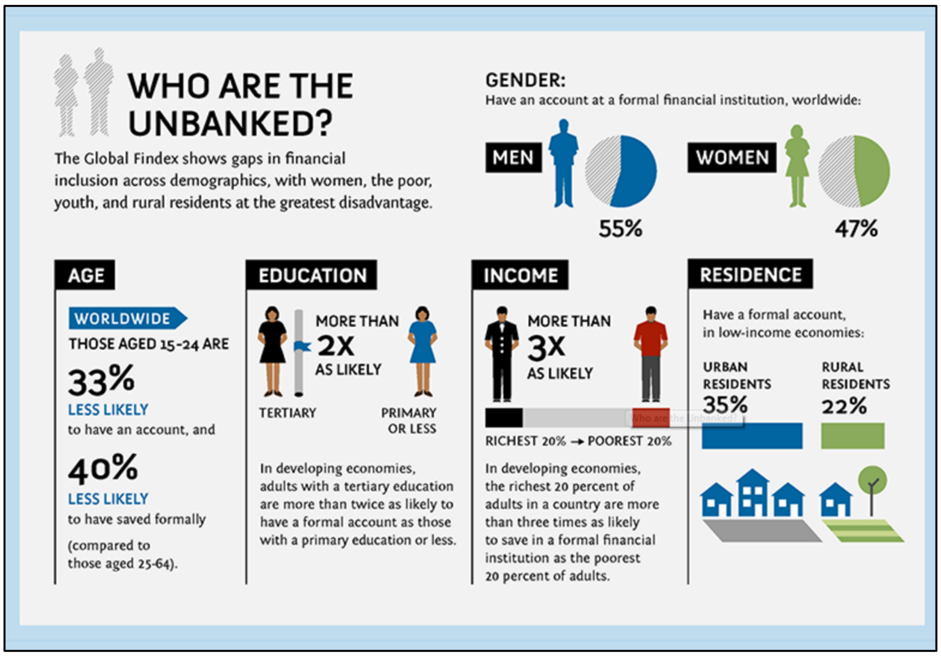
Students may not initially see what the problem is with not having a bank account. After all, many of them may not have a bank account. If you have taught all the services banks offer, however, you should be able to extract from the students, with a little discussion, why not having access to these services could be problematic. In terms of this element, several key problems with being unbanked are presented.

Banks provide security – both literally and figuratively. Keeping money in a bank account is safer because the actual physical money is kept guarded and can be cycled through the federal reserve bank and replaced with fresh, new currency. Money in a bank account is also insured in case something were to happen to the bank. Money kept under a mattress or in a wallet that is lost is not secure. In a figurative sense, money in some accounts at banks may be paying at least a little bit of interest helping to keep up with inflation (at least partially).

Unbanked people also have a hard time securing traditional financial services like auto or home loans, products requiring automatic debit (like some utility services), or even short term emergency loans or small business loans. Many of these products require - at the very least - a checking account.

Perhaps the biggest problem with being unbanked is the increased financial cost. With no bank account, even cashing a basic check has to be done through a process that involves a fee. With no bank account, when a loan is needed, the unbanked often find themselves using title-pawn lenders or payday lenders which may charge high fees in addition to higher interest rates. Overall, the long term costs of not having a bank account can be substantial.

The following image is part of a larger infographic from the World Bank's special report on the Unbanked. In the resources section you will find a dynamic link to this problem from a global perspective that includes the full infographic as well as videos and readings about the problem:



Source: World Bank: Measuring Financial Inclusion: http://pubdocs.worldbank.org/en/185491458739704163/financial-inclusion-infographic-unbanked-poster-2012.pdf

Why are people unbanked? The Federal Reserve Bank's Consumer and Financial Services Report asked just that and found the following data:

Source: Federal Reserve Bank Consumer and Financial Services Report (2015): https://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201403.pdf

Resources

World Bank page regarding worldwide financial unbanked data. Complete with the full infographic above as well as videos and readings about unbanked populations: http://www.worldbank.org/en/news/feature/2012/04/19/three-quarters-of-the-worlds-poor-are-unbanked

SSPFL7 Explain how interest rates affect various consumer decisions.

Interest rates affect all consumers at one point or another. It may be a direct effect in the sense that whether or not a person uses a credit card or takes out a loan may be based on interest rates. Changes in interest rates also affect monthly payments on everything from your home, car, or student loans. Higher interest rates may encourage more saving. Lower interest rates may encourage more buying. Entire industries, like the mortgage industry, can ebb and flow based on changes to interest rates. This standard asks students to "explain how" interest rates affect consumer decisions. When you have completed teaching this standard, students need to have a good understanding of not only that interest rates exist, but HOW those rates affect decisions. They will also gather a better understanding of the various types of interest rates that exist in the economy.

SSPFL7 Explain how interest rates affect various consumer decisions.

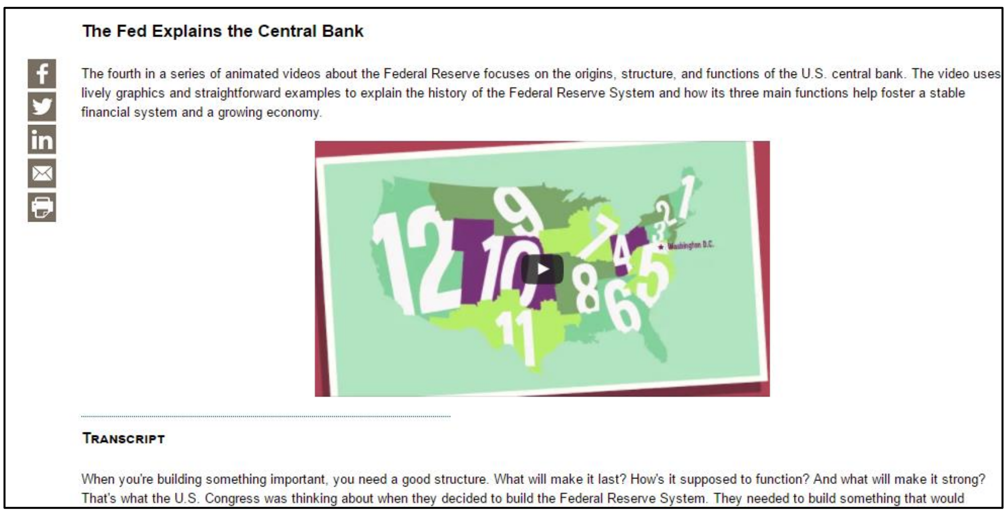
a. Explain how actions taken by the Federal Reserve System affect interest rates.

For students that have had economics, a basic review of the Federal Reserve System will suffice for this element. This is NOT an economics course! It is not expected that you spend a great deal of time teaching the intricacies of the Federal Reserve System. It is not even necessary to teach the tools of the Fed. The point of this element is that the students understand there is an organization – called the Federal Reserve Bank – that is in charge of the nation's money supply. When there is too much money in the economy, the Fed worries about inflation and make take some actions to raise interest rates which makes loans more expensive and should slow the economy down. When there is not enough money circulation (or circulating fast enough) the Fed may take some actions to lower interest rates and encourage more consumer activity. Notice that the element does not even get into the tools of the Fed. It's not necessary to teach this. Remember, this course ideally will teach students about the importance of managing day-to-day finances and various concepts that go along with that decision making process. Knowing the details of reserve requirements, interest on reserves, and open market operations is beyond that scope.

The following videos from the Atlanta Federal Reserve explains the basic purpose of the Federal Reserve without overcomplicating it for students who are not familiar with the Fed.

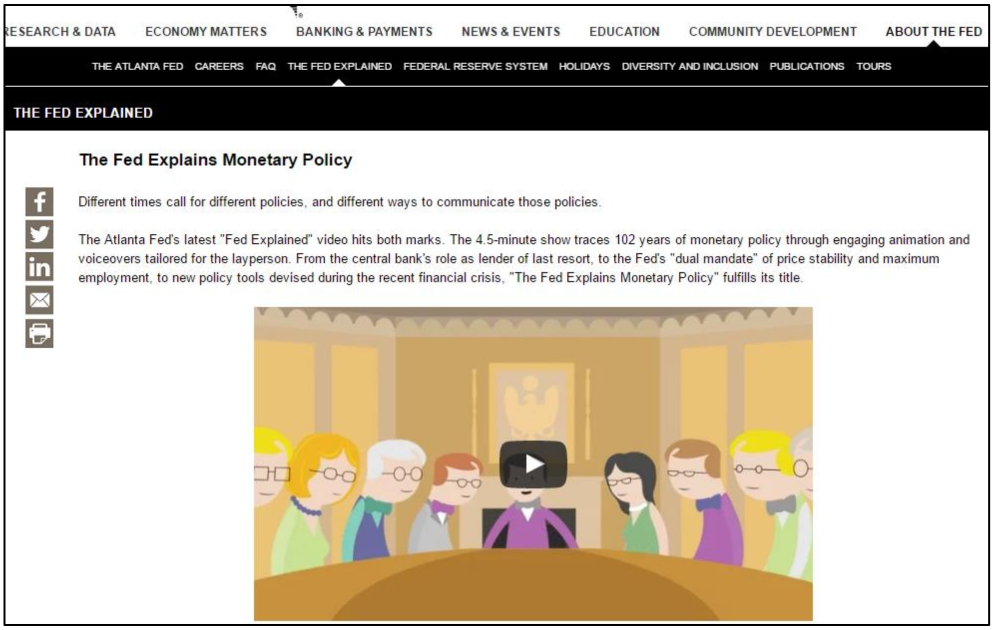
The Fed Explains the Central Bank

https://www.frbatlanta.org/about/fed-explained/2013/central-bank.aspx



The Fed Explains Monetary Policy

https://www.frbatlanta.org/about/fed-explained/2016/monetary-policy.aspx



Resources

Here is the link to the entire "The Fed Explains" series from the Atlanta Fed: https://www.frbatlanta.org/about/fed-explained.aspx?panel=1

SSPFL7 Explain how interest rates affect various consumer decisions.

b. Compare interest rates on loans and credit cards from different institutions including banks, credit unions, payday loan facilities, and title pawn lenders.

This element is more "skill based" than content based. In other words, students do not need to memorize a particular set of interest rates. Instead, this element is designed to get students to do some research and discover on their own how interest rates between these institutions changes. Some resources to use for this type of project are listed below. Please note that interest rates are dynamic and change over time. You may wish to print resources from these sites for more consistent comparisons over time.

The takeaway from this element is shop around! Do not assume that just because you have been accepted for a loan or credit card that that is the best rate. The one caveat to this is you do have to be careful about putting in too many applications can harm your credit score.

Resources

NOTE: Before referring students to these websites – instruct them they are NOT to enter personal data without discussing this with their parents! This is for instructive, comparison data only NOT to put in information!

Nerdwallet has one of the most comprehensive comparisons of current cards. On the website, click "I'll Browse On My Own" instead of find the best fit. At the top of the page there are lots of options for categorizing credit cards differently. https://www.nerdwallet.com/the-best-credit-cards?trk=nw_gn_4.0

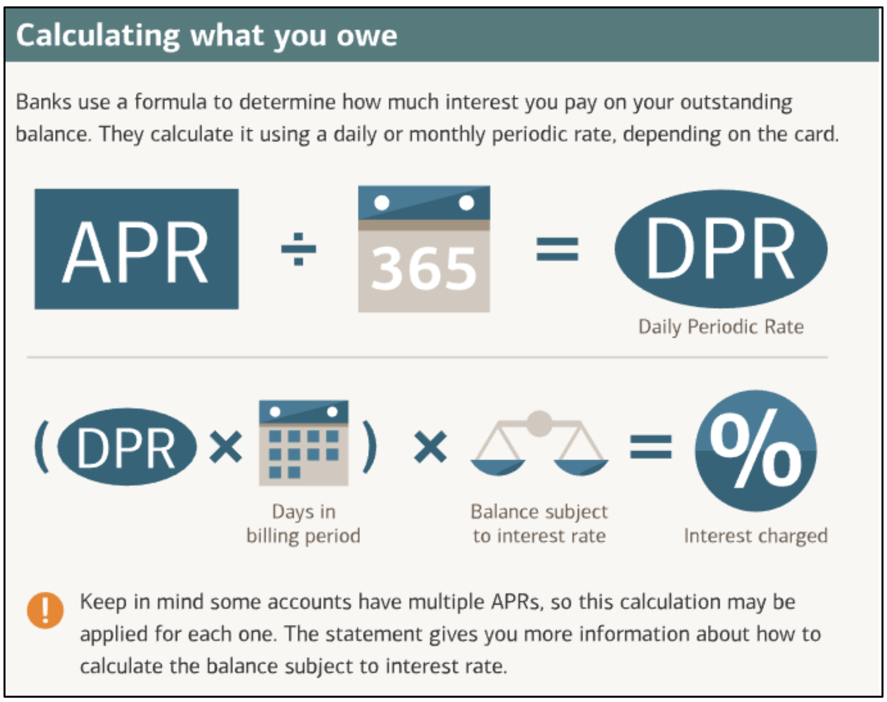
Credit Karma offers a pretty easy-to-follow comparison of a wide variety of cards as well. Again, do NOT click on Apply Now. You just want to get the information from the cards: https://www.creditkarma.com/creditcards/explore?categoryID=45

Consumerreports.org offers a credit card "buyers guide." While it doesn't necessarily help compare interest rates from different institutions, it gives students some ideas of what to look for when comparison shopping: http://www.consumerreports.org/cro/credit-cards/buying-guide

SSPFL7 Explain how interest rates affect various consumer decisions.
c. Define annual percentage rate and analyze how different interest rates can affect monthly payments on loans.

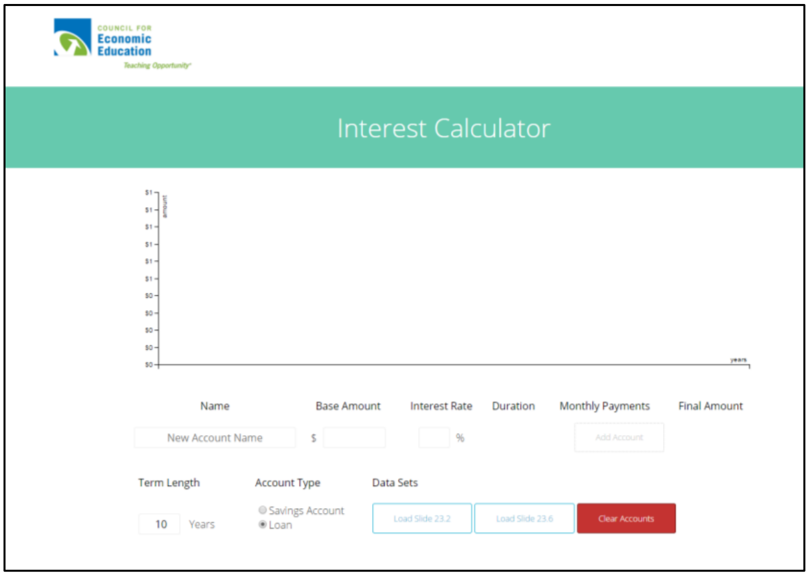
An annual percentage rate (APR) is the yearly interest rate applied to a loan or credit card. In terms of the element, that definition is all students are expected to know in that regard. However, you should also teach your students that the APR can often be avoided if purchases are paid for within a certain period of time. What's more, having an APR of 20%, for example, does not mean necessarily that the consumer will pay 20% on their first bill. The APR is actually divided by 365 and the consumer is charged a daily rate. To explain this better, Bank Of America's Better Money Habits has a very clear explainer on APR:

https://bettermoneyhabits.bankofamerica.com/en/credit/what-is-apr



The second part of this element is a higher order concept – ANALYZE. To do this, present students with a series of loans that have different interest rates and have them describe pros and cons of various interest rates for a particular loan. A quick way to do this is to use the Council for Economic Education's interest calculator found here:

http://technology.councilforeconed.org/interest-calculator/



The calculator is part of a bigger lesson from the publication High School Economics, which you can purchase or get from the High School workshop form the Georgia Council on Economic Education. The calculator, however is free to use and you can enter a variety of loan information and see how variables such as the interest rate affect the monthly payments.

SSPFL7 Explain how interest rates affect various consumer decisions.

d. Explain the difference between simple and compound interest and the difference between fixed and variable interest.

This is a very straightforward element that does not require more than a 10-15 minutes of instruction. Simple and compound interest are usually referred to in the context of savings accounts (although they can apply to paying interest as well). Simple interest means that the bank is paying interest only on the money the customer has actually put in the bank. So, if a customer puts in $100.00 and the bank is paying 5% interest quarterly, then after three months, the customer now has $105.00. Three months later, another $5 is added and so on. Compound interest means the bank pays the customer on the total amount in the account, meaning they are paying interest on what the customer put in AND what the bank has already given them. So in this situation, the first interest payment would be $5, but the second payment would be 5% of $105.00, which is $5.25. Most modern banks pay compound interest and it is actually a little unusual to find a bank paying simple interest due to increased competition in the financial sector. Below is a chart that shows two accounts earning 8% interest and how they compare over time:

	Compound		Simple	
Year	Jack's interest	Amount	Sarah's interest	Amount
Original principle		$ 1,000.00		$ 1,000.00
add interest	0.08	$ 80.00	0.08	$ 80.00
year 1 end amount		$ 1,080.00		$ 1,080.00
Principle		$ 1,080.00		$ 1,000.00
add interest	0.08	$ 86.40	0.08	$ 80.00
year 2 end amount		$ 1,166.40		$ 1,160.00
Principle		$ 1,166.40		$ 1,000.00
add interest	0.08	$ 93.31	0.08	$ 80.00
year 3 end amount		$ 1,259.71		$ 1,240.00
Principle		$ 1,259.71		$ 1,000.00
add interest	0.08	$ 100.78	0.08	$ 80.00
year 4 end amount		$ 1,360.49		$ 1,320.00
Principle		$ 1,360.49		$ 1,000.00
add interest	0.08	$ 108.84	0.08	$ 80.00
year 5 end amount		**$ 1,469.33**		**$ 1,400.00**

Source: B. Buckelew, University of Georgia: http://jwilson.coe.uga.edu/EMT668/EMAT6680.2004.SU/Buckelew/assignment12/assignment12.html

Fixed and variable interest are terms more commonly associated with paying interest. They are exactly what they sound like. A fixed interest rate means that, during the time of the loan, the interest rate will not change until the money is repaid. These rates are common for mortgages, student and business loans, and some credit cards. A variable interest rate means that a certain interest rate is guaranteed for a period of time – NOT the duration of the loan. It may be guaranteed for 6 months, 12 months, a year, 5 years or any other period of time agreed to by the bank and customer. Variable interest rates are also found in mortgages, but are much more common with credit cards and consumer finance loans. When teaching this to students, make sure you make the point that fixed interest rates are generally more desirable than variable. Variable might sound good because you might think banks will lower them when overall interest rates are lower, but the reality is variable interest rates almost always start low and then go up. This is what happened to many homeowners during the housing boom of the early 2000's.

One final note about variable rates is to link back to the idea that monthly payment is very closely tied to your interest rate. If your interest rate goes up, your monthly payment goes up as well in most cases as the slides below indicate.

LESSON 23 INTEREST RATES: LET'S GO SHOPPING FOR MONEY

Lenders

Financial Institution	Term of Loan	Interest Rate
MIDTOWN BANK	\$20,000 48 months	4.0%
Century Credit Union	\$20,000 48 months	2.0%
YourCharge Credit Card	\$20,000 48 months	18.0%
Al's Car Emporium	\$20,000 48 months	8.0%

23-2

HIGH SCHOOL ECONOMICS 3RD EDITION © COUNCIL FOR ECONOMIC EDUCATION, NEW YORK, NY

LESSON 23 INTEREST RATES: LET'S GO SHOPPING FOR MONEY

Lenders

Financial Institution	Term of Loan	Monthly Payment
MIDTOWN BANK	\$20,000 48 months	\$451.58
Century Credit Union	\$20,000 48 months	\$433.90
YourCharge Credit Card	\$20,000 48 months	\$587.50
Al's Car Emporium	\$20,000 48 months	\$488.26

23-3

HIGH SCHOOL ECONOMICS 3RD EDITION © COUNCIL FOR ECONOMIC EDUCATION, NEW YORK, NY

Source: Council for Economic Education – High School Economics, Lesson 21 slides: http://hseconomics.councilforeconed.org/

Resources

Investools compound interest video is clear and easy to follow as well:
https://www.youtube.com/watch?v=immQX0RKFY0

SSPFL7 Explain how interest rates affect various consumer decisions.
e. Define nominal and real returns and explain how inflation affects savings and investment accounts earning interest.

For students who have not had an economics class, this concept may seem a bit daunting. This element can be taught quite easily, however, without going into great detail about measuring inflation, the CPI, or any other complex economic topics.

The most basic explanation goes like this: Over time, in most economies like the United States, prices tend to rise. This overall rise in the price level of an economy is called inflation. As the price level rises, it becomes a little difficult to compare time periods in terms of prices. For example, a single movie ticket used to cost as little as $.50 for a major motion picture. Now, even the discounted matinee's typically run at least $5 - $7 and it's not unusual to see tickets for $13 - $20 for some movies. To someone unfamiliar with economics, they might think that no one goes to the movies anymore right? The reality is there are many other variables that go into this, including the fact that wages are much higher now, complementary and substitute products have changed prices (some higher, some lower), and the quality of the product has changed. To account for all of this economists have developed ways of measuring inflation – the rise in the price level of an economy over time.

A nominal value of a good or service is simply the dollar amount. In the example above, the price of the movie ticket is the nominal value in the given time period. The real value is when the price of an item is adjusted for inflation. Students in this class do not have to do this calculation.

You can use this example for teaching this element:

Assume Raven has $100 in her savings account and she leaves it in the bank for 10 years earning 5% simple interest annually. At the end of the 10 years, Raven now has $150 in her savings account. The $150 in her account is the nominal value of her savings account. However, assume there has been 10% inflation in the economy over the last 10 years (1% per year each year). In REAL terms, then Raven does not have $150 because her $150 will not buy what it would have bought 10 years ago. In real terms, Raven's account is worth $135. Yes, she actually has $150 in the bank, but it only buys the equivalent of what $135 would have bought 10 years ago.

The reason this matters is because if investors thing there will be large amounts of inflation, they may be hesitant to save money in the bank. If you are saving at a 2% rate of interest and there is 4% inflation, you're really losing value. Therefore, serious savers and investors pay attention to the expected rate of inflation over time before making investments.

If you want to go more into this, you can look up something called the Fisher equation, but it is not required to teach this element and not presented here. The basic takeaway is prices will rise over time and you want to make sure that your money is growing at an equivalent rate to keep up.

Resources

Investopedia's video on the topic, while a bit dry, conveys the difference very well:
http://www.investopedia.com/terms/n/nominal.asp

A fun use of nominal vs. real is to adjust movie box office receipts for inflation. Box Office Mojo keeps track of this and keeps it up to date with current inflation data: http://www.boxofficemojo.com/alltime/adjusted.htm

SSPFL8 Evaluate the reasons for and various methods of investment.

Another element that uses the word evaluate. This means you want to give students opportunities to decide whether certain investments are "good" or "bad" given certain criteria. Reasons for investment should be clear, but if not make sure that students see that people invest for a variety of reasons including keeping up with inflation, making more money, starting companies, saving money, or just helping others. The various methods of investment are presented throughout the elements below.

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.

In order to evaluate the risk and return of a variety of savings and investment options, students need to know the basics about what each one is. The chart below is a good place to start with that. Above all else, you want students to get the relationship down so that they understand that investments with high risk have the potential for high returns and vice versa with low risk and low returns. It is a direct relationship.

High Risk, High Reward

Stocks	Direct ownership in a company by shares, value rises and falls based on wide variety of uncontrollable variables

↓

Medium Risk, Medium Reward

Mutual Funds	Ownership of small numbers of a large variety of stocks, still has uncontrollable variables, but is much more diversified

↓

Low Risk, Low Reward

Bonds	Ownership of a debt with the promise to repay in the future, usually a governmet debt, guaranteed return on money, but low interest rates

↓

Very Low Risk, Very Low Reward

Savings Accounts and CDs	Interest -bearing accounts provided by banks or credit unions; money in account is guaranteed by FDIC or NCUA, but interest rates are near zero currently

SSPFL8 Evaluate reasons for and various methods of investment.

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.

An Individual Retirement Account (IRA) is a formal method of saving and investing money that comes with specific tax benefits. Specifically, an owner of an IRA is not taxed on the growth of their investment as long as the money stays in the account. There are, obviously, many laws, rules, and regulations surrounding the exact nature of how these work. For the purpose of this element, however, students need to understand that there are traditional IRAs and Roth IRAs. The primary difference is simple. With a traditional IRA, you pay taxes on the money when it comes OUT of the account. If someone contributes $1,000 to their IRA this year, they deduct that $1,000 from their taxable income this year. When they withdraw the $1,000, they will pay taxes on it at that time. With a Roth IRA, the process is basically reversed. The person gets no tax break on the $1,000 they put in this year, but when they withdraw the money, it is not taxed again. The benefits vary and are somewhat of a personal choice. Typically, however, if someone wishes to use their IRA as a method for transferring wealth to other family members, they choose the Roth IRA.

myRA is a government program designed to help people who may not have access to things like a 401k at their job. The program is designed to get people to put even a little bit of money away each month and, when their portfolio is large enough, transfer that money to investments that grow at larger rates. More information can be found in the link below.

Most students will have heard of a 401k, which is an employer-sponsored retirement account where donations are typically made out of each paycheck to a specific investment account. The name 401k comes from the IRS tax code that creates the ability to make these investments. The money is not taxed going in, therefore, a person who donates to a 401k lowers their current tax liability. The money is taxed coming out, although the rate at which it is taxed can get complicated depending on a variety of factors. A 403b works in a very similar manner, except it is only for school employees and employees of some non-profit entities.

One thing to definitely mention to students, especially those who are going directly into the workforce, is to always ask if their employer offers matching funds to a 401k. This is essentially "free" money towards a person's retirement.

The ultimate goal of all of these investment types is to get people to save and invest money so they have money set aside when they are older. The advantages of doing it through these tools is people reduce the amount of money they have to pay in taxes. If these tools did not exist, then the only option for investing would be for people to take their post-tax income, invest, and then pay more taxes on the growth of the investments. That discourages some people from investing so the tax code has been written in such a way that there are various alternatives to encourage investing.

Resources

How myRA works: https://myra.gov/how-it-works/

SSPFL8 Evaluate reasons for and various methods of investment.
c. Describe the importance of diversification investing.

Students often see stocks as ways to "get rich quick." As if just making a few wise investments in start-up companies will make all their dreams come true. While there are a few real-life stories that happening, through this element what you really want to teach students is that it is much more desirable to have investments in a variety of different companies in different sectors of the economy (manufacturing, agriculture, tech, healthcare, etc.). The idea behind diversification investing is that if one part of the economy is struggling, your entire portfolio won't necessarily lose significant value because you will have other sectors that should be increasing over time.

Resources

Fidelity article on why diversification matters: https://www.fidelity.com/learning-center/investment-products/mutual-funds/diversification with a quick little companion video: https://www.youtube.com/watch?v=LU8tubkz_Fg

SSPFL8 Evaluate reasons for and various methods of investment.

d. Describe the differences in strategies used for long-term investing vs. short-term investing.

Even though this element seems like students need to know about both kinds of investing, the reality is the emphasis should be placed on strategies for long-term overall. There are no specific strategies that must be taught since the element mainly asks for the differences in the strategies. Below is a list of a few strategies under each category to get you started. Ultimately, the students should take away that the long-term strategies favor security over volatility, broad investments over specific stocks, and multiple forms of returns over instant gratification.

Long-term strategies:

- Diversification – Buying stocks in a variety of economic sectors to avoid any one sector bringing down a portfolio. Diversifying also means placing at least some money in things other than stocks – like bonds, savings accounts, or other investment types.
- Exchange Traded Funds or Mutual Funds – these investments focus less on individual stocks and more on industries or asset classes or on the stocks listed in a given exchange. They are automatically somewhat diversified in one way or another and are typically managed by a fund manager whose interest is aligned in seeing the fund perform well. While they can have day-to-day price changes, typically these investments are less volatile in the short-run and designed for longer term increases
- Dividend Payments - Some long term investment strategists look for investments that pay dividends. Dividends are payments made by a company to shareholders when the company makes a profit. Not all companies pay dividends. This is typically a long-term strategy because it usually takes time to accumulate enough shares of stock to make dividend payments worthwhile. Furthermore, most companies only pay dividends quarterly and some only pay annually so it takes time for dividend payments to come through.

Short-term strategies:

- Channeling – “Channeling” a stock means selecting a buy price and a sell price for a stock (think of it as the top and bottom of a channel) and executing trades at those prices no matter what. This strategy is primarily useful for stocks that have a high degree of volatility. For example, a broker may select a stock that fluctuates between $3.00 and $3.50 frequently. The broker decides that every time the stock hits $3.00, the will buy 1,000 shares. As soon as the stock hits $3.30 they sell. When the stock hits $3.00 again, they buy and sell at $3.30 again. The risks to this should be obvious because if a stock is that volatile, predicting future behavior is difficult. Channeling can technically be done long term as well, but it is generally associated with short term.
- Day-Trading – Most students will be familiar with this term. Day trading usually refers to buying large quantities of shares of very cheap stocks and waiting for small changes in the price and trying to exploit those changes within a short period of time, sometimes literally on the same day. Recent reports show that 80% of day traders lose money, especially when fees are factored in.
- There are a variety of short term strategies that involve advance analytics and technical prowess. Most of these fall under some form day-trading, but some are based on weekly changes. Students do not need to go into great detail on any of these, but if you wish to look

them up by name you can look up swing trading, ATR indicator, scalping, and a bunch of proprietary techniques pushed by different companies.

Overall, make sure the students understand that long-term strategies are safer and much more common than short-term strategies.

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

While standard 8 is largely focused on growing and developing assets, standard 9 is all about protecting assets. The ultimate goal is simple since the standard only requires a description of how insurance and other strategies protect against financial loss. Insurance protects against financial loss because it transfers the risk of financial loss away from the individual and to a company that can then share that risk with other people who wish to protect themselves against the same thing. Also, even though the standard implies there are "other risk-management strategies," the following elements actually only deal with insurance. Technically, diversification – discussed in the last standard – is a risk-management strategy as well.

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.

This element is self-explanatory. It tells you exactly what you are supposed to do. Supplement this a little making sure students understand that an insurance policy is a legal document. It is, in actuality, a legally binding contract.

An interesting starting point for this discussion is to ask if students have ever taken the blame for something they didn't do – on purpose. Why did they do it? Most likely, they did it to protect someone else. Chances are, if they have done this, they felt like they were "owed one" by the person they took the blame for. This, in an overly simplistic form, is insurance and can be simple starting point for students to understand how this complex topic works.

Resources

Highly popular insurance lesson developed by Chris Cannon at GCEE. Reviews purpose of insurance, different types, and includes an interactive simulation so students understand how insurance works: https://dl.orangedox.com/gceecannoninsurancelesson

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

b. Define risk as it relates to various assets (i.e. your person, property, or investments).

The entire reason insurance exists at all is risk. Risk is the chance or likelihood something will go wrong or different than originally planned. In relation to this element, there are at least three types of risk students should be aware of.

Personal risk involves primarily injury. Because as humans we can get sick, injured, require medication, or die unexpectedly, we have an interest in passing these risks to others. Health insurance, disability insurance, life insurance, and sometimes even property insurance helps remove or reduce this risk. Celebrities, singers, performers, and athletes often get certain body parts insured because they want to be protected in the event there is damage to something they use to make a living. Personal risk can also refer to damage done to one's reputation or financial history by tampering with a credit score or financial accounts. Insurance is available for this too in the form of companies that agree to help protect personal and financial information.

Property risk is the chance that damage will be done to some non-living asset a person owns. This can occur through misuse, natural disaster, theft, accidents, property crimes, or old age. Almost any piece of property can be insured as long as both parties agree to the value of the item on the market and the other conditions of the contract.

Investment risk primarily revolves around the potential for an investment to lose money. During the credit boom of the mid 2000's, many financial companies were making loans to people that were likely to default. The companies would then turn around and buy insurance from other companies that guaranteed the returns on the loan should the borrowers default. This type of insurance is called a credit default swap and played a big role in the credit crisis of 2007-2009 as default rates skyrocketed. This particular story is a little beyond the scope of the standard, but it's good to know in case students want to know what investment risk is in terms of financial investments.

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

c. Describe various types of insurance including automobile, health, life (whole and term), disability, and property.

Since the element only requires students to describe the various types, a great deal of detail is not required and, in terms of class activities, something as simple as identifying the type of insurance that would be used in a variety of life scenarios is acceptable to teach this.

Automobile: financial protection to the owners, operators and occupants of an automobile in case of accidents or damages; usually a fairly detailed policy that includes not just the car, but property contained inside the car and can extend to other vehicles; students may be familiar with "state minimum coverage" which, in Georgia, just means that an owner of a vehicle must at least carry enough insurance to pay for damages to someone else's vehicle, known as collision coverage; all sorts of add-ons exist including hit and run coverage, uninsured motorists (when someone hits you and they don't have insurance) and extra injury coverage

Health: Protects against financial loss caused by the costs of illness or accident; designed to make going to the doctor or getting medical care more affordable; usually offered through an employer; students sometimes get this confused with disability but the difference is health insurance pays the medical provider whereas disability insurance pays the person directly for lost wages

Term Life: life insurance that offers a payment to specified beneficiaries when the policyholder dies; term life insurance only applies for a specified period of time, usually maxing out at 30 years

Whole Life: unlike term life, whole life insurance has no expiration date and guarantees payment upon death; this obviously comes with a higher premium

Disability: Provides income during a specified period when a person is unable to work because of illness or an accident.

Homeowner's (Property): Protects the homeowner from loss caused by fire, theft and storm damage of the structure and the possessions within the structure.

Resources:

Nerdwallet's description of the differences in term life and whole life:
https://www.nerdwallet.com/blog/insurance/what-is-the-difference-between-term-whole-life-insurance/

GCEE's insurance lesson has an activity that has students analyze different types of insurance:
https://dl.orangedox.com/gceecannoninsurancelesson

SSPFL9 Describe how insurance and other risk-management strategies protect against financial loss.
d. Review and describe the basic components of a sample automobile, health, and property insurance policy.

This element is straightforward as long as you can find sample policies. The links below should help. You may also want to bring in copies of your personal policies and take your name off. DO NOT ask students to bring in their own. Like many of the other elements in this course, the goal is not to make anyone feel uncomfortable or inadequate, but to help them understand important documents they will experience as they get more financial responsibility.

In the event you cannot procure any sample policies, the basic components of an insurance policy generally include a statement of what is insured, the premium, deductible, and any special stipulations of the policy. Health insurance policies are generally more complicated and typically include schedules of payments for a variety of services like ambulance, emergency, co-pays, incentives, etc. One unique feature of a property insurance policy is the ability to add on "riders" where additional pieces of property can be added to an existing policy.

There is no need to spend large amounts of time going into great detail on all the different components students may run into. A simple overview is all that is required by the element. Make sure to tell students that policies like automobile and property insurance are often highly personalized while health insurance policies are more generic in general. The policies below should give you a good starting point for this element.

Auto Policy: http://www.haverford.k12.pa.us/cms/lib5/PA01001043/Centricity/Domain/496/Car-Insurance-Policy-Example-2.jpg

HUDSON INSURANCE COMPANY

HUDSON
INSURANCE COMPANY

AUTOMOBILE INSURANCE POLICY - AMENDED DECLARATION

POLICY PERIOD	POLICY NUMBER
February 10, 2003-February 10, 2004	[redacted]

12:01 AM PACIFIC STANDARD TIME COVERAGE BEGINS THE LATER OF DATE AND TIME ON APPLICATION OR DECLARATIONS AT THE ADDRESS OF THE NAMED INSURED AS STATED HEREIN.

NAME AND ADDRESS OF INSURED

John Avalos
[redacted]

BROKER : Marketwise Auto Insurance Bkg
7188 Sunset Blvd. Ste. 100
Los Angeles CA 90046

IMPORTANT INFORMATION

This is an endorsement to your Policy. The effective date of changes is : February 10, 2003
Reason : Multiple Changes

CAR	YEAR	VEHICLE DESCRIPTION	VEHICLE ID NUMBER
1	1996	HONDA CIVIC DX	[redacted]
2	2002	HONDA CIVIC EX	

SPECIAL EQUIPMENT: ITEMS INSURED ARE SUBJECT TO THE VEHICLE DEDUCTIBLE NO COVERAGE UNLESS LISTED BELOW.

CAR	ITEMS INSURED	LIMIT	CAR	ITEMS INSURED	LIMIT

COVERAGE IS PROVIDED ONLY WHERE A PREMIUM AND LIMIT OF LIABILITY ARE SHOWN FOR THE COVERAGE.

COVERAGE	LIMITS OF LIABILITY	PREMIUM CAR1	CAR2	CAR3	CAR4	CAR5	CAR6
Bodily Injury Liability	$15,000.00 each person $30,000.00 each accident						
Property Damage Liability	$10,000.00 each accident	$466.00	$734.00				
Uninsured Motorists Bodily Injury	$15,000.00 each person $30,000.00 each accident	$76.00	$74.00				
Uninsured Motorists Property Damage	each accident						
Collision Deductible Waiver	Deductible: car1 $500 car2 $500 car3 car4 car5 car6	$22.00	$18.00				
Medical Payments	[ ] Excess with Reimbursement to Company [ ] No Excess No Reimbursement						
Comprehensive ACV* less deductible	Deductible: car1 $500 car2 $500 car3 car4 car5 car6	$148.00	$154.00				
Collision ACV* less deductible	Deductible: car1 $500 car2 $500 car3 car4 car5 car6	$498.00	$840.00				
Towing & Labor	$35.00 each disablement	$8.00	$8.00				
Rental Reimbursement After Physical Damage Loss	$20.00 per day $600.00 maximum	$36.00	$36.00				
Special Equipment							
Premium By Vehicle		$1,254.00	$1,864.00				
Fully Earned Policy Fee		$62.00					

*ACV is Actual Cash Value of the insured vehicle at the time of loss or collision.
Endorsements Attached to Policy: 140006 (12-99)
160374 (12-00) 160375 (12-00) 160376 (12-00) 49(A)

Premium Discounts Applied: Anti Lock Brakes
Anti Theft Discount, Good Student Discount
Multi Car Discounts, Passive Restraint, Persistency Discount
Drivers: John Avalos Rebecca Avalos

SR1P/SR22 FILING FEE $0.00

TOTAL PREMIUM $3,180.00
* Includes $1.00 per vehicle fraud fee

The new premium!

EXCLUDED DRIVERS: IMPORTANT COVERAGE EXCLUSION. APPLICABLE TO ALL EXCLUDED DRIVERS FOR ALL COVERAGES INCLUDING, BUT NOT LIMITED TO, LIABILITY AND UNINSURED MOTORISTS PROVIDED NOW OR LATER. It is agreed that the insurance afforded by this policy shall not apply, nor accrue, to the benefit of any insured or any third party claimant when any vehicle is being used or operated by any excluded drivers listed below regardless of where the person resides or whatever the person is licensed to drive.

Excluded Drivers: Rosemary Rey

110053 (5/98) 03/05/2003 INSURED COPY

Homeowner's Policy:

Homes R Us Insurance Company

Coverage Declaration

Insured	Agent
Penny Wise	Walter O. Rogers Insurance Agency LLC
121 Happy Street	26 Fair Street
Norwich, NY 13815	Norwich, NY 13815

Effective: 07/09/13 To 07/09/14
Location of residence premises: 121 Happy Street, Norwich NY 13815
Effective time is 12:01am standard time at your residence.

Section I Property Coverages

Coverage A	**Coverage B**	**Coverage C**	**Coverage D**	**Deductible**
Dwelling	Other Structures	Personal Property	Loss of Use	
$179,000	$17,900	$125,300	$53,700	All Perils $500

Section II Liability Coverages

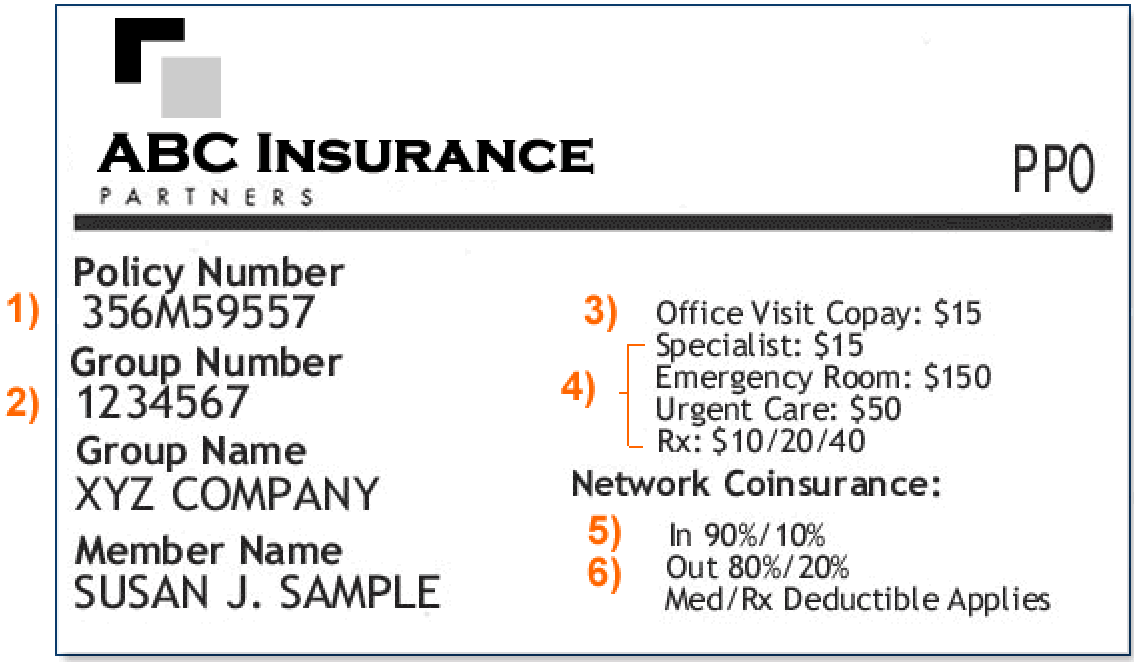
Coverage E – Personal Liability	**Coverage F – Med Pay to Others**
$500,000 Each Occurrence	$5,000 Each Person

	Limit	**Premium/Credit**
Coverage A - Dwelling	$179,000	$895.00
Coverage B - Other Structures	$17,900	incl
Coverage C - Personal Property	$125,300	incl
Coverage D - Loss of Use	$53,700	incl
Cov E - Personal Liability	$500,000	$25.00
Cov F - Med Pay to Others	$5,000	incl
Discounts:		
Home Alert Protection		$16.00-
	Total Policy Premium	$904.00

Health Policy:

***Health insurance policies are long, complicated documents. Trying to print out a one-page summary is tough, although you could at least use an insurance card like the one below. However, to really give the students a sense of a health policy, Humana offers samples of all of their policies offered under the current exchanges at this site. Pull up one of the Georgia ones to give students and example of how complicated these policies can be: https://www.humana.com/individual-and-family/products-and-services/medical-plans/sample-policies

Health insurance card: http://oregon.providence.org/about-us/billing-center/sample-insurance-card/



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

The word analyze implies that there needs to be an opportunity for students to compare and explain differences between some of these methods or, at the very least, break them down into critical elements as if they were going to evaluate them. The table below should help get you started as it includes a basic description of each item in the element and some pros and cons.

	Description	Pros	Cons
Employer	The employer may present several options for the employee to select their coverage OR may enroll the employee into an insurance plan automatically	• Limits the amount of research needed to select a plan • Premiums often negotiated to lower than private purchase rates • Usually grants access to health, vision, dental, disability, etc. • Some employers also subsidize the cost • Can come directly out of paycheck	• Fewer choices in plans which can mean fewer choices in which doctor you see, especially if employer uses a pre-selected provider network
Private Purchase (Individual Plan)	Consumer purchases insurance directly from insurance company on an individual basis	• Coverage can be much more flexible and tailored to consumer's needs – especially if rare or unusual care is involved • Can sometimes select coverages "a la carte" instead of getting a large plan • Choice in doctor or at least preferred network • Ability to shop around	• Usually MUCH higher premiums – even as much as 100% more than employer prices in some cases • Requires significant research and time to contact insurance companies • Less leverage and negotiating power
COBRA	An employee's ability to retain health coverage for a specified time period after leaving or being laid off from a job.	• Employee keeps current insurance, including doctors • Premiums were negotiated under old plan so are cheaper than individual plans	• Health insurance has an expiration date since employee is no longer working for company (expiration dates vary from 18-months to 36 months depending on circumstances) • Consumer has to pay the full premium (was likely getting a discount when employed)
Health Exchanges	Similar to an individual plan, consumer purchases insurance from a provider, but does so through a federally regulated "marketplace" or exchange through healthcare.gov	• Allows for anyone to apply for insurance – employed or not and regardless of pre-existing conditions • Marketplaces are designed to help keep costs down • Some individuals may be eligible for reimbursements and subsidies	• Can be difficult to navigate • Each state exchange operates a little differently • Requires significant research and documentation to get the "right" coverage

Resources:

US Government healthcare exchange starting page: https://www.healthcare.gov/

Lesson plan that explores the difference between group and individual healthcare plans: http://www.griffithfoundation.org/k-12/curriculum-online/health-insurance/health-insurance-60-minutes/

SSPFL9 Describe how insurance and other risk-management strategies protect against financial loss.
f. Analyze the costs and benefits associated with different types of insurance, including co-pays, deductibles, premiums, shared liability, and asset protection.

This element is a little misleading because it looks like you are supposed to teach about the costs and benefits of everything in the list. The idea, however, is actually simpler than that. Deductibles and premiums are the "costs" of insurance. Shared liability and asset-protection are the "benefits.' Co-pays are a little strange as they are both a cost and a benefit, depending on your perspective.

Before analyzing, make sure students understand what these things are. A simple set of definitions follows:

- Co-Pays: typically associated with health insurance, this is an amount of money a person pays out of pocket when using certain medical services. This payment is usually made up front or on the same day the service is provided and is only a portion of the total amount the services cost.
- Deductible: an amount of money the insured person is responsible for paying before the insurance company will start paying benefits. If the insured never files a claim, they will never have to pay their deductible.
- Premium: this is the "cost" of the insurance policy. This amount of money must be paid to the insurance company in regular intervals to keep the policy current.
- Shared Liability: the practice of the insurance company taking some of the responsibility for an accident away from the insured person.
- Asset protection: part of an insurance policy that guarantees that if a stated asset is damaged or lost, the insurance company will replace it.

In analyzing these things, have students discuss why these items exist, their benefits, when they might be most useful, and the relationships between them. For example, for most policies, as premiums go up, deductibles go down. Asset protection and premiums, on the other hand, have a more direct relationship. A thorough discussion of these terms will help students understand the complex nature of insurance and the many issues that surround it and why insurance discussions get controversial.

Resources

Quick, 2-minute video from PlanSource that explains these terms: http://www.griffithfoundation.org/k-12/curriculum-online/health-insurance/health-insurance-60-minutes/

SSPFL9 Describe how insurance and other risk-management strategies protect against financial loss.
g. Define insurability and explain why insurance rates can vary.

Insurability is basically whether or not something or someone can (or should) be insured and to what degree. Because people engage in various levels of risky behaviors and have various levels of property valuation, it should only make sense that insurance rates can vary significantly. For example, have the students imagine they are an insurance company insuring cars and have the following customers in front of them:

Name	Age	Type of Car	Driving Record	Other Info
Joe	19	Red Porsche Boxter	Two speeding tickets, one rear-end collision (his fault), one ticket for failure to maintain lane	Never took defensive driving in high school
Deon	40	Tan Toyota Camry	One parking ticket 5 years ago	Took defensive driving in high school, has never missed an insurance payment

Do they want to charge these two drivers the same premium? What about deductible? Why does it matter?

Asking questions like this will get at the heart of this element. You can then apply the same rationale to property insurance. Health insurance gets a little trickier, however, because many health insurance policies are negotiated in large groups. For example, an employer might go to an insurance company and agree to enroll 300 employees for a certain rate. There is no way all 300 of those employees have exactly the same health status. Some will be very healthy and others will be sick. Some will be single and others will have families. In this case, the insurance company has to figure out some type of average to charge. Inevitably, some will overpay and some will underpay for their services.

The students will likely be able to make their own list of what can affect insurability for the items in the elements, but here's a guideline to go by to help them or check their answers:

Health insurance: age, activity level, diet, pre-existing conditions, past history, city vs. rural lifestyle, where you live, frequency of past doctor's visits, smoker vs. non-smoker, type of housing a person lives in

Auto insurance: age, type of car, age/make/model of car, driving record, grades (if applicable), other types of insurance carried, distance driven, lease vs. own vs. rental. NOTE: according to esurance, and local Allstate, State Farm, and Nationwide representatives – color of car does NOT factor in to insurance!

Property insurance: value of property, own vs. rental vs. lease, number of people on property, special events

Resources

Esurance's discussion of car color and insurance: https://www.esurance.com/info/car/myth-red-cars-cost-more-to-insure

SSPFL10 Describe how government taxing and spending decisions affect consumers.

While this topic is broad and complicated, the ultimate point of the standard – from a personal finance perspective – is to get the students to understand that decisions made by governments (federal, state, and local) can have a major impact on their personal financial situation. The elements are not designed for a great deal of political discourse, although there is room for that discussion if you wish. The bigger picture for this class should focus on what government's DO instead of what they should or should not do.

SSPFL10 Describe how government taxing and spending decisions affect consumers.

a. Define progressive, regressive, and proportional taxes.

Progressive taxes are taxes that increase as value or income increases. The United States' income tax is a good example of this.

Regressive taxes are exactly the opposite of progressive and decrease (at least in rate) as value or income increases. Social Security payments are *paid* regressively. Someone with a very high income, will receive a much lower percentage of that income out of Social Security than someone with a lower income.

Proportional taxes occur when everyone pays the same percentage regardless of income. These are rare in the Unites States, although some states use proportional system for their state income tax (Colorado, for example).

The charts below show how this works. The tax rates are fictional and for illustrative purposes only. Notice, when looking at progressive and regressive that in a regressive system, the person who is making the most money is still paying the most in taxes in terms of dollars, it is just a lower percentage. This is important to share with students as well. While this element is merely a "define" element, don't hesitate to discuss the concept of economic equity and fairness here.

Person/Income	Progressive System	Regressive System	Proportional System
A / $10,000	Tax Rate: **10%** Tax Paid: **$1,000**	Tax Rate: **10%** Tax Paid: **$1,000**	Tax Rate: **10%** Tax Paid: **$1,000**
B / $40,000	Tax Rate: **15%** Tax Paid: **$6,000**	Tax Rate: **7.5%** Tax Paid: **$3,000**	Tax Rate: **10%** Tax Paid: **$4,000**
C / $100,000	Tax Rate: 28% Tax Paid: **$28,000**	Tax Rate: **5%** Tax Paid: **$5,000**	Tax Rate: **10%** Tax Paid: **$10,000**

SSPFL10 Describe how government taxing and spending decisions affect consumers.

b. Analyze the purpose of different types of taxes including income, property, sales, excise, and capital gains.

Arguably, the purpose of any tax is to raise revenue for the government. In this case you want the students to go a little deeper and give some more information about these taxes including being able to give some critical details and compare the taxes. While analyzing the purpose is all the element requires, the chart below provides some other information you may find useful when teaching this topic.

Type of Tax	What is taxed?	Purpose	Levied by…	Unique Features
Income	Wages, salaries, tips earned from any form of employment	Largest source of government income at the federal level (and many states); helps pay for the many public goods and services available	Federal, many state, some local governments	Progressive tax; allowed at the federal level by the 16th amendment; some states choose not to use income taxes
Property	Land and, in some cases, buildings and residences on the land that have value	To raise money for local governments – usually to be spent on education or local law enforcement or healthcare	Local governments	Technically a proportional tax, but tied closely to property values; controversial because it is usually a major funding source for local education and there are large discrepancies in property values within states yielding very different funding levels for education
Sales	Goods and services at the consumer level	Varies, but in high tourist areas, the purpose is to take advantage of out-of-towners spending money locally; also provides flexibility for local governments to use it for special projects	State and local governments	Even though sales taxes sound proportional, in practice they are somewhat regressive because people who have high incomes are less affected by them than people with low incomes; sales taxes vary widely in the United States from 0% in some places to 7.25% base tax in California (some local taxes take that number up to 9.5% in some counties); sales taxes often exclude food and some other household items deemed necessary by the state government
Excise	Specific goods and services, usually for a specific purpose	These taxes are highly specialized and are often directly related to the good they are levied on – for example 90% the "gasoline" tax revenue goes into a federal Highway Repair trust fund	Federal, state, and local governments	At one time these taxes were levied to curtail certain behaviors and earned the name "sin taxes;" often built into the price of a good like at the gas station or with airline tickets
Capital Gains	Sales of property or investments when an increase in value is involved	To encourage investment, capital gains taxes tax revenue earned from investments differently than from income	Federal and state government	Taxes vary depending whether the gains were "short-term" or "long-term"; homes are often excluded; this tax can be offset by capital losses

Resources

The IRS actually has some very good teacher materials, including lesson plans on various types of taxes here: https://apps.irs.gov/app/understandingTaxes/teacher/

The IRS website has a multitude of resources that can answer almost any tax question although, in true IRS from, it can be a bit daunting to navigate! https://www.irs.gov/

IRS page specifically regarding excise taxes: https://www.irs.gov/businesses/small-businesses-self-employed/excise-tax

Tax Policy Center Resource on Capital gains taxes: http://www.taxpolicycenter.org/briefing-book/how-are-capital-gains-taxed

SSPFL10 Describe how government taxing and spending decisions affect consumers.
c. Explain how an increase in sales tax affects different income groups.

A sales tax is supposed to be proportional, at least in theory. If three people buy a pair of jeans for $100, and they each pay 6% sales tax, then they have all paid $6.00 in taxes. Everyone pays the same percentage. However, in practice, sales taxes often function regressively. Take those same three people who bought the jeans, for example. Assume the first person has a monthly disposable income of $500, the second $1,000 and the third $3,000. Yes, all three paid $6.00 in taxes, but that $6.00 means something different to each of those people. To the first person, that $6.00 is 1.2% of their monthly income. To the third person that $6.00 is a measly 0.2%. Examples like these should help students understand and explain how increasing sales taxes affect different income groups. When presenting this to students, try to get them to focus on the tax and not the purchase. There is probably a good argument to be made that the person with only $500 disposable income should not be buying jeans for $100.00, but that is not the point of the story. Bottom line, increase in sales taxes – ceteris paribus – has a greater effect on lower income earners than higher ones. It is not really a proportional tax.

Resources

Interesting article from Brookings on a National Sales Tax and issues students may not think about: https://www.brookings.edu/research/dont-buy-the-sales-tax/

SSPFL10 Describe how government taxing and spending decisions affect consumers.
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.

All this element requires is basic familiarity with these programs. Below are links to each of the programs that will provide all the information you need about these. The biggest take away is that the students should realize that the Federal Government redistributes income in a wide variety of ways. Economics students should remember that one of the functions of government in an economy is redistribution of income. This element provides specific examples of what that looks like in America.

Resources

Information on SNAP: https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap

Information on WIC: https://www.fns.usda.gov/wic/women-infants-and-children-wic

Information on Medicaid: https://www.medicaid.gov/

Information on CHIP (federal level): https://www.medicaid.gov/chip/index.html

Information on Georgia's Public Housing:
https://portal.hud.gov/hudportal/HUD?src=/states/georgia/working/localpo/pih

SSPFL10 Describe how government taxing and spending decisions affect consumers.

e. Explain how unemployment insurance is provided by federal and state governments.

Unemployment insurance is complicated in the United States. Even though the element states unemployment insurance is "provided" by federal and state governments, you may want to teach the students that the program is funded by a tax levied against employers. This tax revenue then goes into an account that is regulated by the federal government, but distributed by the state. Basically, the state governments set the requirements and pay schedule of unemployment per federal guidelines. When a person wishes to file for unemployment, they do so to their state department of revenue.

To be eligible for unemployment in Georgia, a person must be officially in the labor force, have lost their job through no fault of their own and be actively searching for work. A person in Georgia is eligible to receive unemployment benefits for 14-20 weeks depending on the average state unemployment rate.

Resources

Georgia Department of Labor Unemployment Insurance Info: https://dol.georgia.gov/get-unemployment-assistance

SSPFL11 Explain and evaluate various forms of consumer protection.

Many citizens are unaware of just how many forms of consumer protection are available to them at any given moment. While the United States' economy is largely based on free-market principles, many markets have significant government regulation on the seller side. Sometimes people complain about these regulations as being burdensome for business, but the reality is that many of these regulations were requested by consumers in the form of protection. In the elements that follow, students should be given ample opportunities to study these forms of consumer protection and ultimately form an argument on whether they feel these protections are useful and how they might be improved.

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.

Similarly to PF10d in the last standard, each of these organizations have extensive websites that provide more than enough information for students to be able to describe their roles. Links to each of their pages are below.

SSPFL11 Explain and evaluate various forms of consumer protection.
b. Compare different methods for lodging consumer complaints (e.g., Better Business Bureau, usa.gov/consumer-complaints, direct contact with business).

This element has great potential for debates, research, and practical application in class. The underlying issue is how a consumer should deal with a situation where they feel they've been wronged by a business. While one of the methods listed in this element is not necessarily better than another, it might be worthwhile to have students select when each of the options is most appropriate. For example, undercooked French fries are probably not a reason to file a complaint at usa.gov. On the flip side, if you discover a safety problem with your car and think it might affect more than just your car, it might be difficult to contact the company directly.

Better Business Bureaus are typically non-profit entities that exist to help consumers make informed decisions and to assist in getting solutions from companies that are members of their network. When they work perfectly, businesses in a particular community get recognized with stickers or medallions they place in their windows or on advertisements that let customers know the business is BBB approved. In general, a consumer should really contact the Better Business Bureau *before* making a purchase to see how previous issues have been handled. Georgia has four BBBs that can be linked to in the link below. BBBs are a great source for contacting and finding information about local businesses that participate in their network. In some cases, a Chamber of Commerce can serve a similar function.

Usa.gov/consumer-complaints is actually more of an information repository than an actual place to go to make complaints. However, the information found here is powerful for someone who needs to make big complaint or a series of complaints against a large corporation or set of corporations. Some of the other information found in this element (BBB and contacting the business directly) are also suggested on this website.

Direct contact with a business is almost always the first step that should be taken in any situation. The usa.gov/consumer-complaints site has some templates for doing this. When teaching this to students, ask other ways they might go about contacting a business. Calling and e-mailing should be obvious, but the students may also mention filling out surveys which is gaining in popularity, texting issues to designated company text lines or even calling out companies on social media. Some companies have even hired people to monitor social media looking for complaints so they can follow up with those consumers and try to resolve their issues. Taco Bell, for example, responded to one complaint on Twitter by offering a year's supply of tacos to a customer.

The ultimate takeaway is that students understand there are appropriate avenues for dealing with legitimate consumer complaints and that contacting the business directly should be the first step. If that fails to get the desired result, however, there are other methods that can be used.

Resources

Usa.gov/consumer-complaints: https://www.usa.gov/consumer-complaints

National Better Business Bureau (Georgia Locations): https://www.bbb.org/bbb-locator/LocationResult/?Address_State=Georgia,GA&strType=branch

SSPFL11 Explain and evaluate various forms of consumer protection.
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.

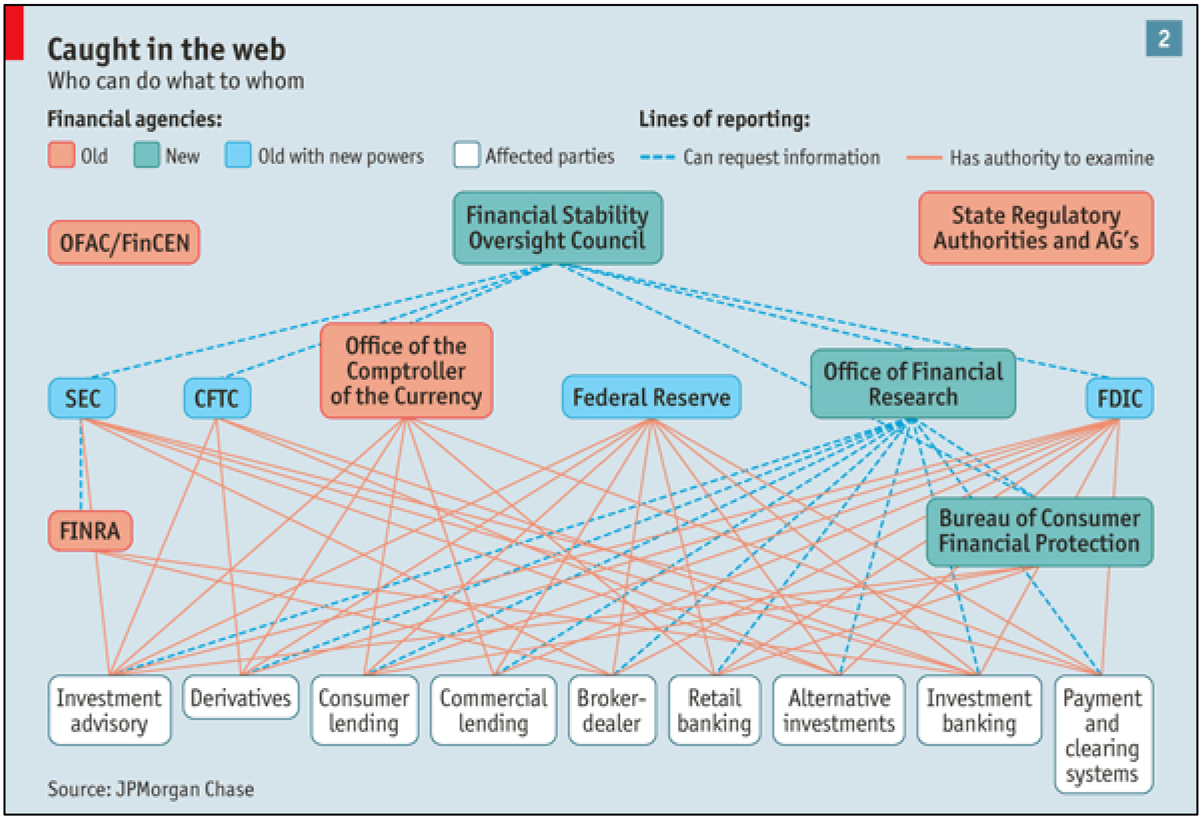
At the Federal level, there are literally thousands of laws, rules, and regulations that directly relate to consumers. For this course, the four pieces of legislation specifically refer to credit and banking activities. Make sure students realize these are not the only four pieces of consumer protection that exist, but a select example in one industry.

The Truth in Lending Act (1968) forces creditors to make all the terms of a loan available to the borrower prior to the loan being finalized. Perhaps most importantly, this legislation encouraged the standard use of annual percentage rates as the industry metric by which loans could be compared.

The Fair Debt Collection Practices Act (1977) sets the guidelines for behaviors debt collectors can use to try to get money from people. This includes, among other things, restricting the times of day and frequency a debt collector can call, the phone etiquette a collector must use, and restricting debt collectors from using threatening language to collect a debt. A complete list of the restrictions and guidelines can be found here: https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/fair-debt-collection-practices-act-text

The Fair Credit Reporting Act (1970) is actually a broad series of legislation, rules, and procedures that are designed to protect a consumer's information regarding their credit, borrowing history, and insurance transactions. The primary purpose of this act is to prevent anyone from providing false or misleading information about a consumer to another agency. This act has changed significantly over the years with changing technologies and rules for enforcing this act are frequently changed or updated to reflect new technological issues.

The Dodd-Frank Act (also known as the Dodd-Frank Wall Street Reform and Consumer Protection Act) (2010) was a massive piece of legislation (over 2,000 pages) that established a variety of government agencies and industry practices designed to address some of the many financial practices that contributed to the 2008 economic collapse. It is not necessary to go over all of these changes with students in this class just so long as the students understand that the act was designed to reign in financial institutions. As of this writing, the act had been somewhat replaced by the House of Representatives with something called the Choice Act. The Senate is not expected to pass it, however. (6-19-2017). One criticism of the Dodd-Frank Act is that it made the bureaucratic oversight of the industry complicated and hard to follow, as seen in this graphic from the Economist:



The organizations in red were in existence prior to Dodd Frank and their basic functionality has not changed. The organizations in blue also existed prior to Dodd Frank, but, now have some new powers or cross checks. The organizations in green were created by Dodd Frank. If your company was involved in basic retail banking, for example, you would be responsible for reporting to the Bureau of Consumer Financial Protection, FDIC, Federal Reserve (your direct regulator), and the Office of the Comptroller of the Currency as well as providing any reports requested by the Office of Financial Research. While this is great protection for consumers, some people – and banks especially – wonder if this is too much "red tape" to effectively function. The flipside to this is that there has always been a heavy degree of regulation in the banking sector and yet, despite that, banks have been able to come up with creative investment products and have substantial growth for decades.

Resources

One pager from the St. Louis Fed on Dodd-Frank: https://www.stlouisfed.org/education/page-one-economics-classroom-edition/financial-regulation-a-primer-on-the-doddfrank-act

SSPFL12 Explain sources of and protection against identity theft.

Identify theft is a relatively new concern for many citizens. It has always been possible for someone to steal another's identity, but with modern technology, the ability is easier than ever. Professional hackers use a wide variety of strategies – some complex, others fairly straightforward – to gather information from people's social security numbers to passwords to answers to security questions on websites. It is vitally important when teaching this to students that you teach both parts of the standard – sources of AND protection against identity theft. The DOE does not endorse any company offering these services, but students need to be aware that they are usually the first line of defense against identity theft.

SSPFL12 Explain sources of and protection against identity theft.

a. Describe common ways of identity theft happens including dumpster diving, skimming, phishing, stealing, and hacking.

Dumpster diving is perhaps the oldest form of identity theft there is. Going through someone's trash can provide a lot of information to an unscrupulous crook looking to misuse it. Many people throw away bills that have account numbers, junk mail that contains a full name (and possibly a spouses name), receipts that have signatures, and a variety of other documents that might seem harmless, but when combined together, make a pretty basic "identity theft kit" for some individuals. Some hi-tech criminals are even using fingerprints from trash to help take an identity. If they know where you bank and can replicate a fingerprint, they are able to go to some banks and make withdrawals without ever providing ID.

Skimming, in the context of this element, refers to the practice of swiping a credit or debit card and storing the information to sell to thieves at a later date. The technology that allows a store to gain access to your bank information via your card for legit business purposes is now also available via devices that connect to a smart phone. Sometimes this happens in restaurants when the waiter/waitress takes the card to run it through the register to pay for the meal. Prior to running it for the legitimate purpose, however, the employee simply passes the card through their own personal skimmer and holds that information. Most skimmers do not use the information directly because it would be too easy to trace. Instead, they collect dozens of credit/debit cards and sell that information to people who hold on to it and use it a later date so the victim doesn't easily associate it with the initial skim. Some skimmers are so small, they can be paced on top of atm machines or store pay terminals without even being detected. Some of these skimmers also collect the pin numbers when entered as well. Use of chips has reduced instances of skimming, but as long as some places are still using swipe technology, the potential for skimming will exist.

Phishing is somewhat more out in the open compared to skimming. Phishing is using faulty premises to get people to voluntarily hand over information. One of the most common tactics is to send an e-mail that seems urgent requesting a user to "confirm" information before an account is deleted or suspended or something like that. The unsuspecting consumer clicks a link found in the e-mail, is taken to a site and asked to put in a variety of information. All of the information they enter is not used for access to the site, but collected by the person doing the phishing. When the person attempts to revisit the site later, the link is suddenly inactive. Phishing is extremely difficult to track because of the use of multiple computers and servers and international ports and perpetrators. Most banks and financial service companies have very clear policies that they will never ask for this kind of information via e-mail, yet people fall for these scams all the time. One easy way to detect a phishing scam is to look closely at the senders e-mail. At first it may say something like the bank's name or an e-mail address that has the bank's name in it but often right clicking on the name or using your e-mail client to find the actual e-mail address will reveal a convoluted e-mail or an e-mail that doesn't make any sense given who the sender is supposed to be. Many companies have an account they like these e-mails forwarded to to help them reduce future phishing attempts in their name.

Stealing, of course, is the age-old tactic thieves used to steal money and physical property. Nowadays, however, people have much more than money or family pictures on their phones. They have saved passwords, apps that have money pre-loaded on them, internet histories, and all sorts of contact information. Thankfully, phones lock. Wallets don't, however, and thieves can run up significant bills on credit and debit cards before they are caught sometimes.

Hacking is a broad term that applies to a lot of different techniques. In this element, hacking refers to the practice of accessing someone's electronic information without their permission. One common way this happens is when people join public networks at places like coffee shops or schools or libraries. People often don't realize that, unless they make themselves private, a fairly novice hacker can see what is going on in that network and may even be able to see your exact screen. Of course, there are also examples of much more sophisticated hacking including accessing databases of big corporations like Target and Home Depot have experienced. There really is no way for a single individual to defend against something like that, but, thankfully, those instances are extremely rare and the corporations they occur against are quick to take corrective and redemptive action in many cases.

Students may know of other techniques used for identity theft and let them discuss these techniques. You want to avoid glorifying these techniques and, instead, try to frame them in a criminal way so students see the harm in these behaviors. Chances are, personal experiences will be the most effective so this is an element where you could let students discuss their own or their parent's experiences with these situations.

SSPFL12 Explain sources of and protection against identity theft.
b. Analyze ways to protect yourself from identity theft including shredding important documents, not opening attachments to unknown e-mails, not revealing personal information over the phone or e-mail, using secure networks, regularly checking your credit score, and changing passwords on accounts.

None of the strategies listed in this element are particularly content-rich or hard to understand. Everything is as it sounds in the element. Note that the element does say analyze to give students opportunities to decide which strategies are better to defend against which identity theft techniques from 12a. For example, shredding documents is a great defense against dumpster-diving, but useless against hacking.

SSPFL12 Explain sources of and protection against identity theft.
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.

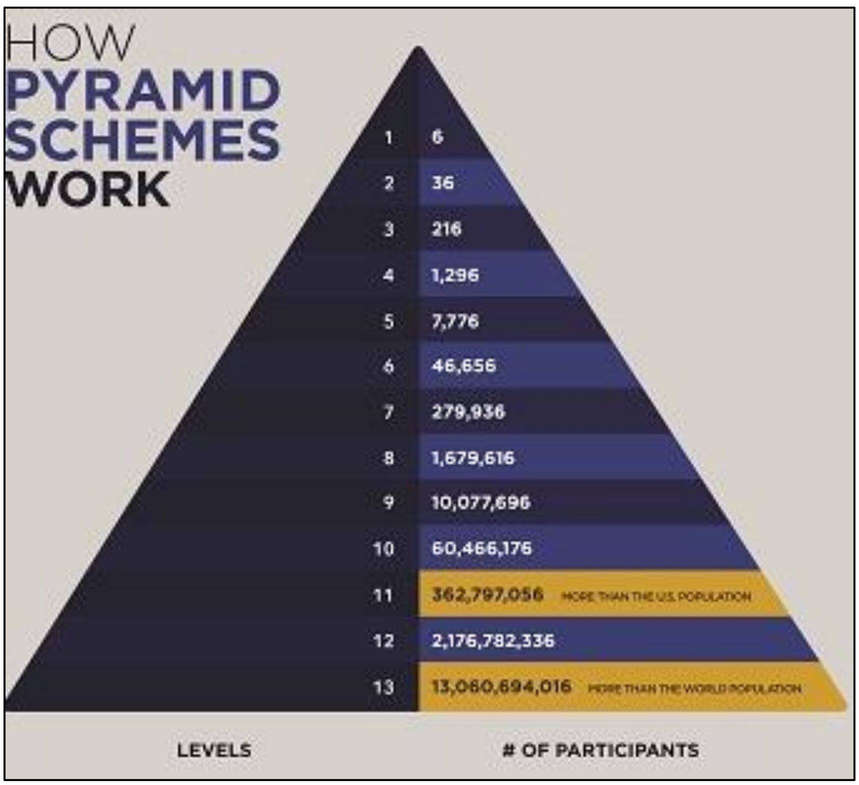
This element is more prescriptive than most because it suggests a series of steps that people should take if identity theft occurs. Again, like with element b, there is really nothing content heavy in this element, but you want to teach students that there are some clear actions that need to be taken if identity theft happens.

SSPFL12 Explain sources of and protection against identity theft.

d. Describe the basic characteristics of investment scams such as Ponzi schemes, pump and dumps, and "advance fee" scams and how to avoid them.

The final element of the course deals with a different form of theft that is not really "identity" theft. This last element deals with a broader concept of investment theft. Through this element, students need to understand that even very smart people can be tricked sometimes if they are sold a great story. These techniques have been used for ages in a variety of frameworks to get people to hand over their money. Students need to be award of the basic premise behind these as they will eventually run into them in some form or fashion.

A Ponzi scheme occurs when the scammer collects money from someone promising to invest in a fictional business and guaranteeing them a quick return on investment. The scammer then finds another couple of people and makes the same pitch. However, with their money, the scammer gives some of it to the first investor and keeps a portion. The first investor is thrilled with his return and wants more and he wants to recruit his friends so now the scammer collects money from three or four more people who have heard about this amazing investment. He pays the second investors back with a great return and the scheme grows. It is sometimes referred to as a pyramid scheme as the graphic below indicates (source: investor.gov):



A great guide to Ponzi schemes can be found on the securities and exchange commission's site here: https://www.investor.gov/investing-basics/avoiding-fraud/types-fraud/pyramid-scheme

A "pump-and-dump" scam involves a group of people who hold shares of a certain stock. The holders aggressively call, e-mail, take out ads, or otherwise attempt to quickly bolster the stocks credibility in the market. They may even share false information about the company in an effort to drive the price higher quickly. Once the price is at a level they are happy with, they quickly sell off (dump) their stock at the high price. Since the claims about the company were fraudulent, the chances for the stock to recover are practically nil and those who bought the stock at the higher price, believing in the hype, are out of that money.

Advance-fee scams are one of the most common methods for tricking people out of money and are sometimes even done under legal boundaries. The basic premise of this scam is the scammer promises an opportunity to make large sums of money in the near future. All the victim needs to do is “buy in” now at a low price. This sometimes done under the guise of a “membership fee” or a “buy in” fee or sometimes it is even purchasing a small amount of a product. The scammer quickly collects this fee from as many people as they can, then simply informs them the product/service/opportunity did not pan out. Some scammers even refund some of the original fee to make the idea seem legit.

The second part of this element deals with how to avoid these scams. The most straightforward approach is the traditional adage that if it seems too good to be true, it probably is. However, since you probably want to teach the students more than just a flippant phrase, here are some key warning signs of many investment scams:

- Promises of large returns quickly (this is unusual in ANY investment, see standard 8)
- Aggressively requiring money up front
- Lack of information from credible sources
- Inability to vet the company information with others
- No history of the company or investment online (be wary of fake sites)

The SEC and FTC both have websites dedicated to fighting these types of frauds and many others. Raising awareness about them is the main purpose of this element.

Resources

SEC fraud page: https://www.investor.gov/protect-your-investments/fraud/types-fraud

FTC scam-alert page: https://www.consumer.ftc.gov/scam-alerts