

## **Crosswalk of Personal Finance, a Business Course, and the Indiana Financial Literacy Education Academic Standards October 2009**

This crosswalk shows clearly that the course standards and performance expectations for Personal Finance are closely aligned with the Indiana Financial Literacy Education Academic Standards.

Personal Finance is not a new course in the Business curriculum. Business teachers have long believed that personal finance instruction is essential for **all** students. Through the many years that this course has been offered, it has been revised using classroom feedback, national and state organization resources (such as the National Business Education Association, Jump\$tart Coalition for Personal Financial Literacy, and the Indiana State University Networks Financial Institute standards), and input from practicing professionals from the personal finance field. The most recent revision was completed in April 2009.

Personal Finance prepares students for the roles and responsibilities of consumer, producer, entrepreneur, and citizen. The teaching/learning strategies (especially project-based learning) used in Personal Finance engage students actively in their learning. They acquire knowledge and implementation practices that will enable them to make choices that will contribute to a higher standard of living as well as to longer-term goals such as buying a house, funding a college education, making sound employment decisions, and planning investments for retirement. In the Personal Finance course, students are prepared to handle day-to-day business transactions expeditiously.

Licensed business teachers are uniquely prepared to teach Personal Finance. In Indiana, licensed business teachers in middle and high schools have received appropriate academic preparation and certification to teach the Personal Finance course, which was approved by the Indiana Department of Education. In addition to course work in personal finance, licensed business teachers have completed courses in accounting, business finance, business law, economics, marketing, management, business communication, and information technology. An important part of the preparation of business education majors is a requirement to create instructional strategies for teaching business finance concepts, principles, and practices and to have the execution of these strategies critiqued in the classroom. Business teachers teach out of the depth and breadth of their preparation in business and the foundational teaching expertise gained in their methods classes.

For a full listing of the Personal Finance, Business Course, standards, visit the web site at: <http://doe.in.gov/octe/bme/curriculum/pdf/PersonalFinance.pdf>.

## Crosswalk of Personal Finance, a Business Course, and the Indiana Financial Literacy Education Academic Standards

### Core Standard 1. Financial Responsibility and Decision Making

Demonstrate management of individual and family finances by applying reliable information and systematic decision making.

12-1.1.1	Explain how individuals demonstrate responsibility for financial well-being over a lifetime.	PF 1.1.3	Explain the importance of starting early to implement a financial plan.
		PF 1.1.4	Create and analyze a personal balance sheet.
		PF 1.1.5	Define and calculate the time value of money.
		PF 1.1.9	Evaluate the benefits of establishing professional relationships with professional financial advisors, e.g. bankers, insurance agents, stockbrokers.
		PF 2.2.5	Describe how income, savings and spending patterns change throughout the life cycle.
		PF 5.2.7	Explain how insurance needs change throughout one's life cycle and employment.
		PF 6.1.4	Recommend appropriate personal saving and investment strategies and planned changes as one proceeds through the life cycle.
12-1.1.2	Analyze ways financial responsibility is different for individuals with and without dependents.	PF 1.1.6	Develop financial goals for the future and a financial plan based on one's life style, expectations, skills, and career choices.
		PF 1.1.8	Determine personal risk tolerance.
		PF 2.2.5	Describe how income, savings and spending patterns change throughout the life cycle.
12-1.2.1	Analyze financial information for objectivity, accuracy, relevancy to given needs, and currency.	PF 1.1.1	Differentiate among the types of financial advisors, the kinds of services they offer, their professional certifications, and the ways their fees may be determined.
		PF 1.1.7	Identify various traditional and technological resources available for obtaining financial information.
		PF 1.1.9	Evaluate the benefits of establishing professional relationships with professional financial professional advisors, e.g., bankers, insurance agents, stockbrokers.
		PF 1.3.3	Understand the functions, motives and ethics of financial institutions.

12-1.2.2	Investigate current types of consumer fraud, including online scams.	PF 1.2.3	Identify and evaluate safeguards for personal information.
		PF 1.2.4	Research identity theft to determine: what it is, how it can be detected, its potential impact, and actions that can be taken to recover from it.
12-1.2.3	Summarize factors to consider when selecting a financial planning professional or tax advisor.	PF 1.1.1	Differentiate among the types of financial advisors, the kinds of services they offer, their professional certifications, and the ways their fees may be determined.
		PF 1.1.8	Determine personal risk tolerance.
		PF 1.1.9	Evaluate the benefits of establishing professional relationships with professional financial professional advisors, e.g., bankers, insurance agents, stockbrokers.
		PF 1.3.3	Understand the functions, motives and ethics of financial institutions.
		PF 3.2.1	Compare and contrast the different services offered by financial institutions based on cost-benefit analysis.
		PF 3.2.2	Describe the benefits of choosing and working with a financial institution.
		PF 6.3.3	Describe the differences among full-service brokers, discount brokers, and internet trading for buying and selling stocks, bonds, and mutual funds.
12-1.3.1	Describe benefits of Indiana's consumer protection agency.	PF 1.2.1	Explain the rights and responsibilities of buyers and sellers under consumer protection laws.
12-1.3.2	Analyze consumer protection laws for the issues they address and the safeguards they provide.	PF 1.1.2	Explain how federal and state government agencies protect and assist savers and investors.
		PF 1.2.2	Identify and describe consumer assistance services provided by public and private organizations.
		PF 1.2.4	Research identify theft to determine: what it is, how it can be detected, its potential impact, and actions that can be taken to recover from it.
12-1.3.3	Demonstrate steps for resolving a consumer complaint.	PF 1.2.1	Explain the rights and responsibilities of buyers and sellers under consumer protection laws.

12-1.4.1	Set measurable short-term, medium-term, and long-term financial goals.	PF 1.1.4	Create and analyze a personal balance sheet.
		PF 1.1.5	Define and calculate the time value of money.
		PF 1.1.6	Develop financial goals for the future and a financial plan based on one's life style, expectations, skills, and career choices.
		PF 2.2.5	Describe how income, savings and spending patterns change throughout the life cycle.
12-1.4.2	Evaluate the results of financial decisions.	PF 1.1.3	Explain the importance of starting early to implement a financial plan.
		PF 1.1.9	Evaluate the benefits of establishing professional relationships with professional financial professional advisors, e.g., bankers, insurance agents, stockbrokers.
		PF 1.3.2	Recognize and understand the opportunity costs of financial decisions.
		PF 1.3.4	Identify and critique the influence of family history on personal financial decisions.
12-1.4.3	Apply systematic decisions making to long-term goals.	PF 1.3.1	Apply the steps in a rational decision-making process to financial decisions.
12-1.5.1	Compare and contrast the benefits of sharing financial goals and personal finance information with a potential partner before forming a partnership.	PF 1.3.4	Identify and critique the influence of family history on personal financial decisions.
		PF 1.2.1	Explain the rights and responsibilities of buyers and sellers under consumer protection laws.
12-1.5.2	Describe essential elements of contract between individuals and businesses.	PF 1.2.1	Explain the rights and responsibilities of buyers and sellers under consumer protection laws.
12-1.6.1	Describe the actions a victim of identity theft needs to take to restore personal security.	PF 1.2.4	Research identity theft to determine: what it is, how it can be detected, its potential impact, and actions that can be taken to recover from it.

## Core Standard 2. Relating Income & Careers

Analyze how education, income, career, and life choices relate to achieving financial goals.

12-2.1.1	Analyze ways economic, social, cultural, and political conditions can affect income and career potential.	PF 2.1.1	Evaluate the characteristics, requirements, and opportunity costs of careers of interest, including entrepreneurial opportunities.
		PF 2.2.3	Discuss how income is affected by macroeconomic factors, supply and demand, inflation, job category, geographic location, and level of education.
12-2.1.2	Analyze the financial risks and benefits of entrepreneurship as a career choice.	PF 2.1.1	Evaluate the characteristics, requirements, and opportunity costs of careers of interest, including entrepreneurial opportunities.
		PF 2.3.6	Differentiate between taxes levied on individuals and entrepreneurial businesses.
12-2.2.1	Define gift, rent, interest, dividend, capital gain, tip, commission, and business profit income.	PF 2.2.1	Differentiate among sources of income (both earned and unearned income) derived from wages, rents, self-employment income, tips, royalties, commissions, interest, dividends, capital gains and gifts.
12-2.2.2	Describe ways people in community can benefit from local government assistance programs.	PF 2.3.1	Identify reasons for the different types of taxes commonly incurred.
		PF 2.3.9	Evaluate the role of Social Security related to personal financial planning.
12-2.3.1	Analyze typical employee benefits and explain why they are a form of compensation.	PF 2.1.3	Identify and analyze the factors pertinent to evaluating a job offer.
		PF 2.2.4	Explain the value of employer-provided benefits such as medical and life insurance, child care, annuities, stock options, etc.
		PF 2.3.5	Differentiate between taxable and non-taxable compensation.
12-2.3.2	Describe benefits of employer sponsored savings plans and other options for shifting current income to the future.	PF 2.2.4	Explain the value of employer-provided benefits such as medical and life insurance, child care, annuities, stock options, etc.
		PF 6.1.2	Describe different savings and investment options available based on personal income, e.g., time versus demand deposit, mutual funds, and CDs.
		PF 6.2.5	Compare and contrast tax-deferred and tax-deductible savings and investment plans.

### Core Standard 3. Planning, Managing Money

Manage money effectively by developing financial goals and budgets.

12-3.1.1	Create a budget a basic budget with categories for income, taxes, planned savings, and fixed and variable expenses.	PF 3.1.2	Develop and modify a personal budget for income, saving, and fixed, variable and discretionary expenses.
		PF 3.1.4	Consider regional guidelines when allocating dollars to spending plan categories, i.e. housing, utilities, food, transportation, savings, etc.
		PF 3.1.7	Calculate break-even cash flow.
12-3.1.2	Demonstrate budgeting to manage spending and achieve financial goals.	PF 3.1.3	Compare and contrast disposable and discretionary income.
		PF 3.1.6	Discuss the importance of the concept of “paying yourself first” in relationship to saving for meeting one’s financial goals.
		PF 3.1.7	Calculate break-even cash flow.
12-3.2.1	Demonstrate use of a system to record income and spending for purchases, services, and taxes.	PF 3.1.1	Describe the advantage and disadvantages of various systems for organizing and using financial records.
		PF 3.1.5	Prioritize and allocate disposable income, including charitable contributions and emergency fund.
12-3.2.2	Demonstrate recordkeeping that utilizes a financial institutions online account management system.	PF 3.1.1	Describe the advantage and disadvantages of various systems for organizing and using financial records.
12-3.3.1	Demonstrate skill in executing different payment methods, including cash, checks, stored-value cards, debit cards, credit cards, and electronic or online payment systems.	PF 3.2.4	Evaluate the advantages and disadvantages of electronic banking such as direct deposit, debit cards, ATM, and online banking.
12-3.3.2	Demonstrate skill in basic financial tasks, including bill payments, check writing, reconciling checking and debit account statements, and monitoring printed and online account statements for accuracy.	PF 3.2.3	Manage a personal checking account, including its costs and the reconciliation process.
		PF 3.2.4	Evaluate the advantages and disadvantages of electronic banking such as direct deposit, debit cards, ATM, and online banking.
		PF 3.2.5	Analyze privacy and security issues associated with financial transactions, endorsements, and electronic banking.

12-3.4.1	Evaluate impact of external factors on spending decisions.	PF 2.2.3	Discuss how income is affected by macroeconomic factors, supply and demand, inflation, job category, geographic location, and level of education.
		PF 3.4.3	Analyze impulse purchasing and how marketers employ techniques to stimulate impulse buying.
		PF 3.4.4	Describe common marketing techniques used to influence or manipulate consumer buying and how consumers can protect themselves.
12-3.4.2	Apply knowledge of external factors to justify a consumer buying a decision.	PF 3.4.1	Evaluate features and benefits of goods and services in order to determine the best value.
		PF 3.4.2	Compare and contrast goods and services on the basis of value versus price.
12-3.4.3	Compare the benefits and costs of owning a house versus renting a house.	PF 4.2.1	Compare benefits and costs of renting and home ownership.
12-3.5.1	Demonstrate budgeting financial and other resources to make contributions to a charitable organization.	PF 3.1.5	Prioritize and allocate disposable income, including charitable contributions and emergency fund.
12-3.6.1	Analyze ways to modify spending practices to achieve financial goals.	PF 3.1.2	Develop and modify a personal budget for income, saving, and fixed, variable and discretionary expenses.
12-3.6.2	Develop a personal financial plan that shows allocation of income, spending, saving/investing, and sharing/giving over a year-long time span.	PF 3.1.2	Develop and modify a personal budget for income, saving, and fixed, variable and discretionary expenses.
12-3.6.3	Analyze a plan to secure funding for a financial goal.	PF 4.1.2	Analyze sources and types of credit, including the legal aspects such as collateral requirements, title transfer, and responsibility limits.
		PF 4.1.6	Select an appropriate form of credit for a particular buying decision.
		PF 4.3.1	Identify the process of obtaining a mortgage.
12-3.7.1	Contrast a will, a "living will" and other ways an estate can be transferred.	PF 3.3.2	Examine the need for a will, trust, power of attorney, and health care directive.

### Core Standard 4. Managing Credit & Debt

Manage credit and debt to remain both creditworthy and financially secure.

12-4.1.1	Calculate the cost of borrowing a set amount of money using various types of credit.	PF 4.1.2	Analyze sources and types of credit, including the legal aspects such as collateral requirements, title transfer, and responsibility limits.
12-4.1.2	Explain how grace periods, methods of calculating interest, and fees affect borrowing costs.	PF 4.1.3	Analyze credit components, e.g., principal, interest, payment periods, grace periods, credit limits, incentive buying, fees, and minimum payments.
12-4.1.3	Apply systematic decision making to identify the most cost-effective option for making a major purchase.	PF 1.3.1	Apply the steps in a rational decision-making process to financial decisions.
12-4.2.1	Explain how a credit report affects creditworthiness and the cost of credit.	PF 4.1.7	Interpret the impact of credit reporting, credit bureaus, and FICO scoring on a consumer's credit worthiness.
		PF 4.1.8	Explain the 5 C's of credit scoring.
12-4.2.2	Describe ways a negative credit report affect a consumer's financial future and steps to take to improve it.	PF 4.1.5	Create a realistic plan for repaying debt.
		PF 4.6.1	Evaluate the effects of living beyond one's means.
		PF 4.6.2	Analyze the various alternatives to resolving credit problems.
12-4.3.1	Describe debtors' and creditors' rights related to wage garnishing and repossession when an overdue debt is not paid.	PF 4.6.1	Evaluate the effects of living beyond one's means.
12-4.3.2	Describe possible consequences of excessive debt.	PF 4.3.5	Assess the impact of foreclosure.
		PF 4.6.1	Evaluate the effects of living beyond one's means.
		PF 4.6.3	Compare and contrast various bankruptcy filings and their effect on creditworthiness and financial planning.
12-4.4.1	Analyze online and printed resources for up-to-date information about consumer credit rights.	PF 1.2.1	Explain the rights and responsibilities of buyers and sellers under consumer protection laws.
		PF 4.4.7	Discuss the laws pertaining to credit cards.

### Core Standard 5. Risk Management & Insurance

Analyze the features of insurance, its role in balancing risk and benefits in financial planning.

12-5.1.1	Describe ways people can manage risk through avoidance, reduction, retention, and transfer.	PF 5.1.3	Analyze risk management strategies and how they protect against financial loss.
		PF 5.1.5	Design a risk management plan to include risk avoidance, risk reduction, risk assumption, and risk shifting.
12-5.1.2	Analyze various insurance policies according to their deductibles.	PF 5.2.3	Compare different types of insurance policies features and costs, e.g., deductibles, state limits, no-fault insurance, etc.
12-5.2.1	Analyze the amount of coverage a person needs for health, property, life, disability, and liability insurance.	PF 5.2.2	Discuss and differentiate between the types of insurance associated with different types of risk such as property, liability, health care, and life.
12-5.2.2	Compare the costs of auto insurance for the same vehicle, given two different deductibles and two different liability coverage limits.	PF 5.3.2	Determine factors that affect insurance premiums such as color of car, brick versus vinyl siding, swimming pool, installment of fire alarms, smoke detectors, alarm system, etc.
12-5.2.3	Analyze factors that can reduce or increase insurance costs.	PF 5.3.2	Determine factors that affect insurance premiums such as color of car, brick versus vinyl siding, swimming pool, installment of fire alarms, smoke detectors, alarm system, etc.
		PF 5.3.3	Examine the availability of discounts for insurance policies.
12-5.3.1	Compare various programs that provide financial assistance for income loss due to illness, disability, or premature death.	PF 2.2.6	Analyze alternative actions for dealing with financial difficulties, such as credit overextension, loss of job, and disability.
12-5.3.2	Recommend insurance that protects one from the risks a young adult might face.	PF 5.2.4	Define criteria for selecting a policy that best fits a need.
		PF 5.2.7	Explain how insurance needs change throughout one's life cycle and employment.

### Core Standard 6. Saving & Investing

Analyze saving and investing to build long-term financial security and wealth.

12-6.1.1	Compare saving strategies, including “pay yourself first,” payroll deductions, and comparison shopping to spend less.	PF 3.1.6	Discuss the importance of the concept of “paying yourself first” in relationship to saving for meeting one’s financial goals.
		PF 6.1.2	Describe different savings and investment options available based on personal income, e.g., time versus demand deposit, mutual funds, and CDs.
12.6.1.2	Compare the interest generated by simple and compound interest at various rates.	PF 6.1.5	Distinguish between simple and compound interest.
12-6.2.1	Compare various investing strategies for their potential to build wealth.	PF 6.1.4	Recommend appropriate personal saving and investment strategies and planned changes as one proceeds through the life cycle.
12-6.2.2	Analyze an investment utilizing the principles of time value of money.	PF 1.1.5	Define and calculate the time value of money.
12-6.2.3	Calculate the end value of lump sum and periodic investments.	PF 6.2.4	Analyze future value and present value of investments.
12-6.3.1	Analyze the benefits of various investments options in the current economy.	PF 6.1.2	Describe different savings and investment options available based on personal income, e.g., time versus demand deposit, mutual funds, and CDs.
		PF 6.3.5	Evaluate the degree of risk and expected return for investment securities.
12-6.3.2	Analyze an investment utilizing principles of inflation.	PF 6.1.3	Analyze savings and investment options for items such as market risk, inflation risk, interest rate risk, liquidity, and minimum investment amount.
12-6.4.1	Compare advantages and disadvantages of buying and selling investments through various channels, including financial advisors, investment clubs, and online brokers	PF 6.3.3	Describe the differences among full-service brokers, discount brokers, and internet trading for buying and selling stocks, bonds, and mutual funds.
12-6.4.2	Compare the investment objectives and historical rates of return of various stocks and mutual funds.	PF 6.3.1	Research the history of the stock market.

12-6.5.1	Analyze the rate of return on investments using time value of money and economic conditions as factors.	PF 6.2.1	Compare and contrast rates of return versus related risk for savings and investments.
		PF 6.2.4	Analyze future value and present value of investments.
12-6.5.2	Calculate the amount of taxes on investments and income tax-free earnings.	PF 6.2.5	Compare and contrast tax-deferred and tax-deductible savings and investment plans.
12-6.6.1	Analyze risk to various deposits base on deposit insurance.	PF 6.1.2	Describe different savings and investment options available based on personal income, e.g., time versus demand deposit, mutual funds, and CDs.
		PF 6.1.3	Analyze savings and investment options for items such as market risk, inflation risk, interest rate risk, liquidity, and minimum investment amount.
12-6.6.2	Identify additional services and benefits of the Indiana Securities and Commission and other federal and state regulators.	PF 1.1.2	Explain how federal and state government agencies protect and assist savers and investors.