Limited financial resources compel responsible individuals to make decisions by weighing the benefits against the costs of each alternative. All financial decisions have short, intermediate and long term consequences. A citizen that lives within his or her income has more control over his or her life while expanding choices. Individuals engage in savings and investing to achieve short, intermediate, and long term financial goals. Having the knowledge and skills to understand and evaluate various types of goods and services, and how to pay for them, can help prevent or limit financial loss.

Financial Literacy Standard One: Students will set financial goals and create financial plans to meet those goals [Financial Planning and Decision-Making].

An individual's goals affect how they value the benefits and costs of alternative choices, such as how to earn income. A financial plan is a strategy to accomplish an individual's or household's financial goals that will change as an individual's or household's situation changes. Effective financial plans incorporate the possibility of unexpected expenditures.

The complexity of the standard will increase at each succeeding grade cluster:

K-3a: Students will understand that different jobs require different skills.

K-3b: Students will set goals and develop a plan to achieve them.

4-5: Students will analyze how choices that individuals make in jobs and careers affect quality of life.

6-8: Students will analyze the costs and benefits, including higher earning potential, of building human capital through education or job training.

9-12a: Students will apply problem-solving strategies to assess the consequences of financial decisions.

9-12b: Students will create an overall financial plan for earning, spending, and saving in order to achieve personal goals.

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Financial Literacy Standard Two: Students will analyze ways to improve their economic wellbeing by making informed spending decisions, which entails collecting information, planning, and budgeting [Money Management].

When purchasing goods and services, individuals must choose among payment options to maximize benefits. Prudent individuals limit borrowing based on their ability to repay.

The complexity of the standard will increase at each succeeding grade cluster:

K-3: Students will examine how planning for spending can help individuals and households make informed choices.

4-5: Students will establish a budget by setting and prioritizing goals, and understand that a budget requires regular review and adjustments.

6-8: Students will establish a budget and compare various payment methods that can be used to buy goods and services.

9-12a: Students will evaluate the costs and benefits of various payment options while applying the mechanics of money management.

9-12b: Students will examine how ability to pay and personal credit history influences an individual's financial opportunities and choices.

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Financial Literacy Standard Three: Students will evaluate the costs and benefits of major savings and investing options. [Saving and Investing]

Every savings and investment decision has a trade-off in terms of giving up goods and services today. Savings options and investments vary in their potential risks, liquidity, and rate of return. Individuals, households, and businesses invest by purchasing assets that may earn income and/or appreciate in value over time.

The complexity of the standard will increase at each succeeding grade cluster:

K-3: Students will understand that individuals save money in order to achieve a goal.

4-5: Students will demonstrate how individuals and households save and invest to increase future income and/or wealth.

6-8: Students will demonstrate that personal savings and investment compound over time and contribute to meeting financial goals.

9-12: Students will evaluate the role of the government and financial markets in savings and investment decisions.

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Financial Literacy Standard Four: Students will understand how to evaluate financial products and services to minimize financial risks. [Risk Protection]

Risks are associated with life and unplanned events can have serious or catastrophic financial consequences over which individuals, households, and businesses may have little control. Acquiring the knowledge and skills to evaluate financial products can prevent or limit loss. Individuals, households, and businesses make choices to protect themselves from the financial risk of lost income, assets, health, or identity. They can choose to accept risk, reduce risk, or transfer the risk to others.

The complexity of the standard will increase at each succeeding grade cluster:

K-3: Students will understand that planning for potential and unexpected risks can minimize personal loss or harm.

4-5: Students will understand that individuals can choose to accept financial risk or take action to reduce the likelihood and size of the risk.

6-8: Students will understand that the rate of return earned from savings and investments will vary according to the amount of risk.

9-12a: Students will analyze costs and benefits of various methods of managing risk.

9-12b: Students will analyze how local, state, and federal laws and regulations affect consumers.