Personal Finance Course Level Expectations
Grades 9-12

Missouri Department of Elementary and Secondary Education

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I. Financial Decision Making: Choice is the central principle of financial decision making for individuals, businesses and government. People make many choices every day in markets where buyers and sellers interact. This interaction determines market prices and allocates scarce goods and services based on supply and demand. Every decision incurs an opportunity cost. Opportunity cost is the next-best alternative when a decision is made; it is what is given up.	
Concept 1	**Unlimited Wants and Limited Resources**
	A. Evaluate the role of choice in decision making.
	B. Apply a rational decision making process to satisfy wants.
Concept 2	**Choice and Decision Making**
	A. Explain how today's choices have future consequences.
	B. Explain the causal relationship between choice and opportunity cost.
	C. Analyze how choices can result in unintended consequences.

II. Earning Income: For most people, income is determined by their work ethic, their education and the market value of their labor paid as wages and salaries. People can increase their income and job opportunities by performing well and choosing to acquire more education, skill building and work experience. The decision to undertake an activity that increases income or job opportunities is affected by the expected benefits and costs of such an activity. Income is also obtained from other sources such as interest, rents, capital gains, dividends and profits.	
Concept 1	**Career Choices and Consequences**
	A. Evaluate how career choices impact income and quality of life.
	B. Analyze the relationship between education, skill development and earning potential.
	C. Describe how wages and salaries are determined in labor markets.
	D. Analyze how changes in economic conditions and/or in labor markets can cause changes in a person's income or employment status.
	E. Describe how entrepreneurs see problems as opportunities for creating new or innovative goods or services.
Concept 2	**Forms of Compensation**
	A. Examine how workers are paid through wages, salaries and commissions.
	B. Analyze why benefits such as health insurance, paid vacation, retirement plan, family leave, tuition reimbursement and flexible scheduling are considered forms of compensation.
	C. Identify sources for earning income in addition to wages and salaries such as rent, interest, gifts, dividends, profits and capital gains.
Concept 3	**Taxes and Other Deductions**
	A. Compare gross and net income.
	B. Explain the purpose of standard deductions such as income taxes, social security (FICA), Medicare, deductions for health care and retirement savings plans.
	C. Explain how taxes provide public goods and services.

III. Buying Goods and Services: People cannot buy or make all the goods and services they want; as a result, people choose to buy some goods and services and not buy others. People can improve their economic well-being by making informed spending decisions, which entails collecting information, planning and budgeting.	
Concept 1	**Creating a Budget**
	A. Differentiate between income and expenses.
	B. Analyze spending habits to recognize current spending and saving trends.
	C. Create a budget that includes savings goals, emergency funds, fixed expenses and variable expenses.
	D. Explain how budgeting for charitable giving may have tax benefits.
	E. Prioritize expenses and payment due dates.
Concept 2	**Purchasing Items of High Value**
	A. Conduct research on product options to plan future purchases such as phone, car, home or vacation.
	B. Evaluate product information for price, quality, service and features.
	C. Describe effective responses to deceptive or fraudulent sales practices.
	D. Identify payment methods.
	E. Analyze the costs and benefits of different payment options.
Concept 3	**Considering Alternative Goods and Services**
	A. Evaluate substitutes when the price of goods or services exceeds your budget.
	B. Compare the features, durability and maintenance costs of goods.

Concept 4	**Selecting Financial Institutions**
	A. Compare the services, service fees and requirements of various financial institutions such as banks, savings and loans, credit unions and virtual banks.
	B. Calculate an account balance by recording deposits, withdrawals and debit transactions.
	C. Analyze the costs and benefits of using or not using financial institutions and virtual exchanges.
	D. Explain the importance of FDIC, NCUA and other security regulations to protect one's wealth in financial institutions.

IV. Saving: Saving is the part of income that people choose to set aside for future uses. People save for different reasons during the course of their lives. People make different choices about how they save and how much they save. Time, interest rates and inflation affect the value of savings.	
Concept 1	**Reasons for Saving**
	A. Identify short, medium and long-term savings goals including saving for high value purchases, postsecondary education/training and retirement.
	B. Develop a savings plan.
	C. Explain the importance of a rainy day fund for unexpected expenses.
	D. Compare retirement savings options.
Concept 2	**Interest on Savings**
	A. Compare simple and compound interest.
	B. Use the Rule of 72 to calculate how long it takes money to double.
	C. Explain how the time value of money, i.e. money in hand today, is worth more than money promised in the future, influences financial decision-making.
Concept 3	**Saving Instruments**
	A. Identify saving instruments such as certificates of deposit and savings accounts.
	B. Compare the liquidity, interest payment or penalty of various savings instruments.

V. Using Credit: Credit allows people to purchase goods and services they can use today and pay for those in the future. People choose among different credit options that have different costs. Lenders approve or deny applications for loans based on an evaluation of the borrower's past credit history and expected ability to pay in the future. Higher-risk borrowers are charged higher interest rates; lower-risk borrowers are charged lower interest rates. The responsibility for debt belongs to the borrower.	
Concept 1	**Facets of Credit**
	A. Analyze the difference between a credit and a debit account
	B. Compare sources of consumer credit such as credit cards, consumer loans, rent-to own, title and payday loans.
	C. Evaluate the options for financing higher education.
	D. Analyze various terms and conditions of credit cards and consumer loans.
	E. Explain the purpose, functions and costs of a mortgage.
Concept 2	**Interest on Credit**
	A. Compare the cost of credit between financial institutions based on the Annual Percentage Rate (APR), initial fees charged and fees for late or missed payment.
	B. Calculate the total purchase price of a good or service including interest paid.
	C. Explain the relationship between risk and interest including credit worthiness and down payment.
	D. Differentiate between secured and unsecured loans.

Concept 3	**Credit Worthiness**
	A. Evaluate factors that affect creditworthiness including paying on time and payment history.
	B. Explain the purpose and components of credit records and credit history as provided by credit bureaus.
	C. Identify ways to avoid and/or correct credit problems.
	D. Analyze why credit scores may be used by entities such as employers, landlords and insurance companies.
	E. Evaluate a credit report to verify accuracy.
	F. Explain the importance of annually verifying one's credit report.
	G. Explain the value of consumer credit protection laws.
	H. Explain responsibilities associated with the use of credit.

VI. Protecting and Insuring: People make choices to protect themselves from the financial risk such as lost income, assets, health or identity. They can choose to accept risk, reduce risk or share the risk with others. Insurance allows people to transfer risk by paying a fee now to avoid the possibility of a larger loss later. The price of insurance is influenced by an individual's circumstances and behavior.	
Concept 1	**Protecting Against Financial Risk by Insuring**
	A. Analyze the personal financial risks that can occur when unexpected events damage health, home, property, wealth or future opportunities.
	B. Explain how and why insurance companies create policies and determine premiums.
	C. Analyze factors people use to choose insurance coverage.
	D. Explain how personal behavior and risk impact insurance premiums.
	E. Analyze health insurance options to provide funds in the event of illness and/or to pay for the cost of preventive care.
Concept 2	**Protecting Personal Identity**
	A. Analyze federal and state regulations which provide some remedies and assistance for identity theft.
	B. Analyze how individuals can protect themselves from others misusing personal information and from identity theft while online.
	C. Discuss current ways to counter cyber-attacks and protect personal information.

VII. Financial Investing: Financial investment is the purchase of financial assets to increase income or wealth in the future. Investors choose among investments that have different risks and expected rates of return. Investments with higher expected rates of return tend to have greater risk. Diversification of investment among a number of choices can lower investment risk.	
Concept 1	**Investment Instruments**
	A. Compare various financial assets for their risk and rewards such as stocks, bonds, mutual funds, real estate and commodities.
	B. Explain the impact of capital gains, dividends, risk and stock value on corporate stock ownership.
	C. Explain how the price of a financial asset is determined by the interaction of buyers and sellers in a financial market.
Concept 2	**The Relationship between Risk and Reward**
	A. Explain how the rate of return earned from investments will vary according to the amount of risk.
	B. Explain how the rates of return on financial assets are influenced by buyers and sellers in financial markets.
	C. Explain why an investment with greater risk, such as a penny stock, will commonly have a lower market price, but an uncertain rate of return.
	D. Explain the risks and rewards of short term and long-term investments.
	E. Describe how diversification can lower investment risk.

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