

## Missouri Personal Finance Standards 2017

1 Semester Course- Print or click on pencil to see complete standards

**Standard 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 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.

### 1.1 Unlimited Wants and Limited Resources

- a. Evaluate the role of choice in decision making.
- b. Apply a rational decision making process to satisfy wants.

### 1.2 Choice and Decision Making

- a. Explain how today's choices have consequences in the future.
- b. Explain the causal relationship between choice and opportunity cost.
- c. Analyze how choices can result in unintended consequences.

**Standard 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 also is obtained from other sources such as interest, rents, capital gains, dividends, and profits.

### 2.1 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 or salaries are determined in the labor markets.
- d. Analyze how changes economic conditions and/or in labor markets can cause changes in a person's income or unemployment status.
- e. Describe how entrepreneurs see problems as opportunities for creating new or innovative goods or services.

### 2.2 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.

### 2.3 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.
- c. Explain how taxes provide public goods and services.

**Standard 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.

### 3.1 Creating a Budget

- a. Differentiate income and expenses.
- b. Analyze spending habits to recognize current spending and saving trends.
- c. Create a budget including savings goals, emergency funds, fixed and variable expenses.
- d. Explain how budgeting for charitable giving may have tax benefits.
- e. Prioritize expenses and payment due dates.

### 3.2 Purchasing Items of High Value

- a. Conduct research on product options to plan future purchases such as phone, car, home, 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.

### 3.3 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.

### 3.4 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.

**Standard 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 made different choices about how they save and how much they save. Time, interest rates, and inflation affect the value of savings.

### 4.1 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 saving options.

#### **4.2 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.

#### **4.3 Saving Instruments**

a. Identify saving instruments such as certificates of deposit, savings accounts.

b. Compare the liquidity, interest payment or penalty of various savings instruments.

**Standard V. Using Credit:** Credit allows people to purchase goods and services that they can use today and pay for those good and services 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.

#### **5.1 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.

#### **5.2 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.

#### **5.3 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.

**Standard 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 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.

### 6.1 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 that provides funds the event of illness and/or to pay for the cost of preventive care.

### 6.2 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 misuse of personal information and identity theft while online.
- c. Discuss current ways to counter cyber-attacks and protect personal information.

**Standard 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.

### 7.1 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.

### 7.2 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.

### 1.1 Unlimited Wants and Limited Resources

- a. Evaluate the role of choice in decision making.
- b. Apply a rational decision making process to satisfy wants.



Sep 25, 2017 - Dec 22, 2017

The Art of Decisionmaking



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### Cards, Cars and Currency: Lesson 1



Sep 25, 2017 - Dec 22, 2017

### Thinking Money: Scarcity

## 1.2 Choice and Decision Making

- a. Explain how today's choices have consequences in the future.
- b. Explain the causal relationship between choice and opportunity cost.
- c. Analyze how choices can result in unintended consequences.



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### Economic Lowdown Audio Series: Episode 1—Opportunity Cost



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### Opportunity Cost

## 2.1 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 or salaries are determined in the labor markets.
- d. Analyze how changes economic conditions and/or in labor markets can cause changes in a person's income or unemployment status.
- e. Describe how entrepreneurs see problems as opportunities for creating new or innovative goods or services.



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### It's Your Paycheck Lesson 1

<https://research.stlouisfed.org/publications/page1-econ/2017/01/03/education-income-and-wealth/>

This edition of [Personal Finance 101 Financial Forms Explained](#) explains in detail how to complete most of the items on the Form 1040EZ, the income tax return for single and joint filers with no dependents.

Get a quick rundown on some of the most common financial forms and documents that you're likely to encounter. Use your mouse to explore the form in greater depth, with explanations and further information on each section.



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**Economic Lowdown Audio Series: Episode 3—The Role of Self-Interest and Competition in a Market Economy**



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**Education vs. Unemployment**



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**Economic Lowdown: Episode 6—Circular Flow**

## 2.2 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.

## 2.3 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.
- c. Explain how taxes provide public goods and services.



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**Cards, Cars and Currency: Lesson 5**



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**It's Your Paycheck Lesson 2**

Follow along as Bianca gives Luis advice about how to fill out his tax forms in this episode of the [Personal Finance 101 Chats](#).

Please note: Due to recent upgrades to some internet browsers, the Personal Finance 101 Chats may not work well for all users.

We suggest using the chat transcript below as an alternative to the chat application.

<https://www.stlouisfed.org/education/personal-finance-101-financial-forms-explained/w-4>

W-4

### W-4 Personal Finance 101 Financial Forms Explained

This edition of [Personal Finance 101 Financial Forms Explained](#) explains in detail how to fill out a Form W-4, the Employee's Withholding Allowance Certificate, which determines the income tax withheld from your paycheck.

Get a quick rundown on some of the most common financial forms and documents that you're likely to encounter. Choose the form below and use your mouse to explore the form in greater depth, with explanations and further information on each section.

### 3.1 Creating a Budget

- a. Differentiate income and expenses.
- b. Analyze spending habits to recognize current spending and saving trends.
- c. Create a budget including savings goals, emergency funds, fixed and variable expenses.
- d. Explain how budgeting for charitable giving may have tax benefits.
- e. Prioritize expenses and payment due dates.



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#### Budgeting 101



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#### Cards, Cars and Currency: Lesson 3



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#### It's Your Paycheck Lesson 4

### 3.2 Purchasing Items of High Value

- a. Conduct research on product options to plan future purchases such as phone, car, home, 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.



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**Cards, Cars and Currency: Lesson 4**



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**Fees, Fees and More Fees: It All Adds Up**



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**Trick\$ of the Trade: Episode 01—Introduction**

Page One Economics- Focus on Finance- Advertising: Dollars and Decisions

[https://files.stlouisfed.org/files/htdocs/publications/page1-econ/2017-04-03/advertising-dollars-and-decisions\\_SE.pdf](https://files.stlouisfed.org/files/htdocs/publications/page1-econ/2017-04-03/advertising-dollars-and-decisions_SE.pdf)

### 3.3 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.

### 3.4 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.

## How to open a Bank Account- Personal Finance 101 Chat

Do you have questions about opening a bank account? Follow along as Katrina talks with a representative from Broadway Bank about opening an account in this episode of our Personal Finance 101 Chats series.

Please note: Due to recent upgrades to some internet browsers, the Personal Finance 101 Chats may not work well for all users. We suggest using the chat transcript below as an alternative to the chat application.



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**Tax Refund Fees**



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**It's Your Paycheck Lesson 3**

### 4.1 Reasons for Saving

- Identify short, medium, and long-term savings goals including saving for high value purchases, postsecondary education/training and retirement.
- Develop a savings plan.
- Explain the importance of a rainy day fund for unexpected expenses.
- Compare retirement saving options.



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**Soar to Savings**



Sep 25, 2017 - Dec 22, 2017

**Continuing Feducation—Saving for College**



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**No-Frills Money Skills: Episode 2—Ways to Save**

### 4.2 Interest on Savings

- Compare simple and compound interest.
- Use the Rule of 72 to calculate how long it takes money to double.
- 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.



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### No-Frills Money Skills: Episode 1—Growing Money



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### It's Your Paycheck Lesson 5



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### Predicting the Future



Sep 25, 2017 - Dec 22, 2017

### Present Value

## 4.3 Saving Instruments

- a. Identify saving instruments such as certificates of deposit, savings accounts.
- b. Compare the liquidity, interest payment or penalty of various savings instruments.

## 5.1 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.



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### Banks and Alternatives

<https://www.stlouisfed.org/education/personal-finance-101-chats/all-about-debit-cards>

All About Debit Cards- Personal Finance 101 Chat

Do you have questions about overdraft fees? Follow the discussion between a Mother and Son to learn more in this episode of [Personal Finance 101 Chats](#).

Please note: Due to recent upgrades to some internet browsers, the Personal Finance 101 Chats may not work well for all users. We suggest using the chat transcript below as an alternative to the chat application.



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### Credit Cred



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### Financial Aid 101

## 5.2 Interest on Credit

- 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.
- Calculate the total purchase price of a good or service including interest paid.
- Explain the relationship between risk and interest including credit worthiness and down payment.
- Differentiate between secured and unsecured loans.

<https://www.stlouisfed.org/education/personal-finance-101-financial-forms-explained/credit-card-disclosure-statement>

Credit Card Disclosure Statement- Personal Finance 101 Financial Forms Explained

This edition of [Personal Finance 101 Financial Forms Explained](#) outlines in detail each item in a credit card disclosure statement, including APR, penalties, fees, interest, balance transfers and credit limits.

<https://www.stlouisfed.org/education/personal-finance-101-financial-forms-explained/credit-card-statement>

Credit Card Statement- Personal Finance 101 Financial Forms Explained

This edition of [Personal Finance 101 Financial Forms Explained](#) gives a detailed explanation of a credit card statement, including payment information, minimum payment warning, changes to interest rates and your account.

Get a quick rundown on some of the most common financial forms and documents that you're likely to encounter. Choose the form listed below and use your mouse to explore the form in greater depth, with explanations and further information on each section.



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### It's Your Paycheck Lesson 8



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### It's Your Paycheck Lesson 9



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### Continuing Education—The Amazing \$2000 Pizza

### 5.3 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.



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**Continuing Feducation—Understanding How a FICO Credit Score is Determined**



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**Cards, Cars and Currency: Lesson 2**



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**It's Your Paycheck Lesson 6**



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**It's Your Paycheck Lesson 7**

### 6.1 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 that provides funds the event of illness and/or to pay for the cost of preventive care.



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**No-Frills Money Skills: Episode 6—Insurance: Protecting Yourself from Damage**



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**Insurance, Segment 1: Coverage and Cost Basics**



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## Insurance, Segment 2: Types of Coverage, Optional Add-ons, and Possible Discounts

### 6.2 Protecting Personal Identity

- Analyze federal and state regulations which provide some remedies and assistance for identity theft.
- Analyze how individuals can protect themselves from misuse of personal information and identity theft while online.
- Discuss current ways to counter cyber-attacks and protect personal information.



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#### Con 'Em If You Can: Phantom Riches



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#### Con 'Em If You Can: Reciprocity



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#### Con 'Em If You Can: Social Consensus



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#### Con 'Em If You Can: Source Credibility



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#### Con 'Em If You Can: Scarcity

### 7.1 Investment Instruments

- Compare various financial assets for their risk and rewards such as stocks, bonds, mutual funds, real estate, and commodities.
- Explain the impact of capital gains, dividends, risk and stock value on corporate stock ownership.
- Explain how the price of a financial asset is determined by the interaction of buyers and sellers in a financial market.



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#### No-Frills Money Skills: Episode 3—Get into Stocks



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#### No-Frills Money Skills: Episode 4—Understanding Bonds



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## 7.2 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.
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