

**National Standards for Personal Finance Education -
Jump \$tart
Correlation to Virtual Business - Personal Finance**

Standard	Virtual Business <i>Personal Finance</i>
I. Financial Responsibility & Decision Making	✓✓✓
II. Income & Careers	✓✓✓
III. Planning & Money Management	✓✓✓
IV. Credit & Debt	✓✓✓
V. Risk Management & Insurance	✓✓✓
VI. Saving & Investment	✓✓✓

Legend:

- ✓ Some correlation to the competency
- ✓✓ High correlation to the competency
- ✓✓✓ Very High correlation to the competency

The information for this correlation was found during 01/2008 at the following web address:
http://www.jumpstart.org/national_standersK12.html

Jump \$tart Personal Finance Standards

I. Financial Responsibility & Decision Making

Overall Competency

Apply reliable information and systematic decision making to personal financial decisions

Standard	Personal Finance Lesson
<p>1. Take responsibility for personal financial decisions.</p> <p>a. Explain how individuals demonstrate responsibility for financial well-being over a lifetime.</p> <p>b. Analyze how financial responsibility is different for individuals with and without dependents.</p> <p>c. Given a scenario, discuss ethical considerations of various personal finance decisions.</p>	<p>All VBPF lessons allow the student to analyze personal financial decisions based on available resources and adjust their lifestyle accordingly to reach their short and long term goals.</p> <ul style="list-style-type: none"> • New Career Project
<p>2. Find and evaluate financial information from a variety of sources.</p> <p>a. Determine whether financial information is objective, accurate, and current.</p> <p>b. Investigate current types of consumer fraud, including online scams.</p> <p>c. Given a scenario, identify relevant financial information needed to make a decision. List factors to consider when selecting a financial planning/ counseling professional and legal/tax adviser.</p>	<ul style="list-style-type: none"> • Finding a Job • Budgeting & Saving • Finding an Apartment • Buying a Car • Shopping • Choosing & Balancing a Checking Account • Getting a Credit Card • Fixing Your Credit • Education & Advancement • Using Online Banking • Paying Your Taxes • Intro to Investing • Risk vs. Return • Diversification • Investing for Retirement • Buying a Home • Insurance • New Career Project
<p>3. Summarize major consumer protection laws.</p> <p>a. Match consumer protection laws to descriptions of the issues that they address and the safeguards that they provide.</p> <p>b. Research online and printed sources of up-to-date information about consumer rights.</p> <p>c. Given a scenario, write a complaint letter that states the problem, asks for specific action, includes copies of related</p>	<ul style="list-style-type: none"> • Finding An Apartment • Shopping • Getting a Credit Card • Fixing Your Credit • Intro to Investing • New Career Project

<p>documents, and provides contact information.</p>	
<p>4. Make financial decisions by systematically considering alternatives and consequences.</p> <p>a. Set measurable short-, medium-, and long-term financial goals.</p> <p>b. Use a financial or online calculator to determine the cost of achieving a long-term goal.</p> <p>c. Apply systematic decision making to a long-term goal.</p> <p>d. Analyze how inflation affects financial decisions.</p> <p>e. Analyze how taxes affect financial decisions.</p> <p>f. Give examples of how decisions made today can affect future opportunities</p>	<p>All VBPF lessons allow the student to analyze personal financial decisions based on available resources and make adjustments accordingly to reach their short and long term goals.</p> <ul style="list-style-type: none"> • New Career Project
<p>5. Develop communication strategies for discussing financial issues.</p> <p>a. Explain the value of discussing individual and shared financial responsibilities with a room-mate before moving in.</p> <p>b. Discuss the pros and cons of sharing financial goals and personal finance information with a partner before combining households.</p> <p>c. Give examples of contracts between individuals and between individuals and businesses, and identify each party's basic responsibilities.</p>	<p>All VBPF lessons allow the student to work independently or in groups requiring effective communication to analyze finances and make decisions.</p> <ul style="list-style-type: none"> • Finding an Apartment • Buying a Car • Choosing & Balancing a Checking Account • Getting a Credit Card • Fixing Your Credit • Education & Advancement • Buying a Home • Insurance • New Career Project
<p>6. Control personal information.</p> <p>a. List entities that have a right to obtain individual Social Security numbers.</p> <p>b. Recommend actions a victim of identity theft should take to restore personal security.</p>	<ul style="list-style-type: none"> • Getting a Credit Card • Fixing Your Credit • Using Online Banking • New Career Project

II. Income & Careers

Overall Competency

Use a career plan to develop personal income potential.

Standard	Personal Finance Lesson
<p>1. Explore career options.</p> <p>a. Describe the risks, costs, and rewards of starting a business.</p> <p>b. Outline the main components of a business plan.</p> <p>c. Analyze how economic, social- cultural, and political conditions can affect income and career potential.</p> <p>d. Identify a career goal and develop a plan and timetable for achieving it, including educational/training requirements, costs, and possible debt.</p>	<ul style="list-style-type: none"> • Finding a Job • Education & Advancement • New Career Project
<p>2. Identify sources of personal income.</p> <p>a. Explain the effect of inflation on income.</p> <p>b. Use a financial or online calculator to determine the future income needed to maintain a current standard of living.</p>	<ul style="list-style-type: none"> • Finding a Job • Education & Advancement • Intro to Investing • Risk vs. Return • Diversification • Investing for Retirement • Insurance • New Career Project
<p>3. Describe factors affecting take-home pay.</p> <p>a. Explain the effect on take-home pay of changing the allowances claimed on an “Employee’s Withholding Allowance Certificate” (IRS form W-4).</p> <p>b. Transfer information on “Wage and Tax Statement” (IRS form W-2) and “Interest Income” (IRS form 1099-INT) to “U.S. Individual Income Tax Return” (IRS form 1040) and comparable state income tax form.</p> <p>c. Complete “Income Tax Return for Single and Joint Filers with No Dependents” (IRS form 1040EZ) and comparable state income tax form.</p> <p>d. Examine the benefits of employer-sponsored savings plans and other options for shifting current income to the future.</p>	<ul style="list-style-type: none"> • Finding a Job • Paying Your Taxes • Intro to Investing • Risk vs. Return • Diversification • Investing for Retirement • New Career Project

III. Planning & Money Management

Overall Competency

Organize personal finances and use a budget to manage cash flow.

Standard	<i>Personal Finance Lesson</i>
<p>1. Develop a plan for spending & saving.</p> <p>a. Explain how to use a budget to manage spending and achieve financial goals.</p> <p>b. Identify changes in personal spending behavior that contribute to wealth-building.</p> <p>c. Given a scenario, design a personal budget for a young person living alone.</p> <p>d. Analyze how changes in circumstances can affect a personal budget.</p>	<ul style="list-style-type: none"> • Budgeting & Saving • New Career Project
<p>2. Develop a system for keeping and using financial records.</p> <p>a. Develop a filing system for keeping financial records, both paper and electronic.</p> <p>b. Describe recordkeeping features that financial institutions provide for online account management.</p>	<ul style="list-style-type: none"> • Using Online Banking • New Career Project
<p>3. Describe how to use different payment methods.</p> <p>a. Demonstrate skill in basic financial tasks, including scheduling bill payments, writing a check, reconciling a checking/debit account statement, and monitoring printed and/or online account statements for accuracy.</p>	<ul style="list-style-type: none"> • Choosing & Balancing a Checking Account • Getting a Credit Card • Fixing Your Credit • Using Online Banking • New Career Project
<p>4. Apply consumer skills to purchase decisions.</p> <p>a. Apply comparison shopping skills to purchasing decisions.</p> <p>b. Given a personal finance scenario for a family of four, describe how to apply systematic decision making to choose among alternative consumer actions.</p> <p>c. Compare the benefits and costs of owning a house versus renting housing.</p> <p>d. Explain the elements of a standard apartment lease agreement.</p>	<ul style="list-style-type: none"> • Finding an Apartment • Shopping • Buying a Home • Intro to Investing • New Career Project

<p>e. Describe the effect of inflation on buying power.</p>	
<p>5. Consider charitable giving.</p> <p>a. Use online charity-rating organizations to compare information about specific charities, such as the percentage of money spent on programs versus salaries and fundraising</p>	
<p>6. Develop a personal financial plan.</p> <p>a. Discuss the factors that affect net worth.</p> <p>b. Explain the difference, with examples, between cash inflows (including income) and cash outflows (including expense).</p> <p>c. Explain the difference between a cash flow statement and a budget.</p> <p>d. Given a simplified case study, construct a cash flow statement.</p> <p>e. Develop, monitor, and modify a personal financial plan, including goals, net worth statement, cash flow statement, insurance plan, investing plan, and a budget.</p>	<ul style="list-style-type: none"> • Budgeting & Saving • Intro to Investing • Risk vs. Return • Diversification • Investing for Retirement • Insurance • New Career Project
<p>7. Examine the purpose and importance of a will.</p> <p>a. Identify the individuals and/or charitable organizations that are potential beneficiaries of personal property.</p> <p>b. Explain how the law in the state of residence specifies the disposition of an estate when there is no valid will.</p> <p>c. Explain the purpose and importance of a “living will” (durable power of attorney for health care).</p>	

IV. Credit and Debt

Overall Competency

Maintain creditworthiness, borrow at favorable terms, and manage debt.

Standard	<i>Personal Finance Lesson</i>
<p>1. Identify the costs and benefits of various types of credit.</p> <p>a. Compare the cost of borrowing \$1,000 by means of different consumer credit options.</p> <p>b. Define all required credit card disclosure terms and complete a typical credit card application.</p> <p>c. Explain how credit card grace periods, methods of interest calculation, and fees affect borrowing costs.</p> <p>d. Using a financial or online calculator, compare the total cost of reducing a \$1,000 credit card balance to zero with minimum payments versus above-minimum payments.</p> <p>e. Given a scenario, apply systematic decision making to identify the most cost-effective option for purchasing a car.</p> <p>f. Identify various types of student loans and alternatives to loans as a means of paying for post-secondary education.</p> <p>g. Identify various types of mortgage loans and mortgage lenders.</p>	<ul style="list-style-type: none">• Buying a Car• Getting a Credit Card• Fixing Your Credit• Education & Advancement• Buying a Home• New Career Project
<p>2. Explain the purpose of a credit record and identify borrowers' credit report rights.</p> <p>a. Describe the elements of a credit score.</p> <p>b. Explain how a credit score affects creditworthiness and the cost of credit.</p> <p>c. Explain the factors that improve a credit score.</p> <p>d. Identify organizations that maintain consumer credit records.</p> <p>e. Explain the rights that people have to examine their credit reports.</p> <p>f. Analyze the information contained in a</p>	<ul style="list-style-type: none">• Getting a Credit Card• Fixing Your Credit• New Career Project

<p>credit report, indicate the time that certain negative data can be retained, and describe how to dispute inaccurate entries.</p> <p>g. Discuss ways that a negative credit report can affect a consumer's financial future.</p>	
<p>3. Describe ways to avoid or correct debt problems.</p> <p>a. Describe possible consequences of excessive debt.</p> <p>b. List actions that a consumer could take to reduce or better manage excessive debt.</p> <p>c. Evaluate various credit counseling services.</p> <p>d. Describe the purpose of bankruptcy and its possible effects on assets, employability, and credit cost and availability.</p> <p>e. Given a scenario, write a billing dispute letter that states the problem, asks for specific action, includes references to copies of related documents, and provides contact information.</p> <p>f. Describe debtors' and creditors' rights related to wage garnishment and repossession when an overdue debt is not paid.</p>	<ul style="list-style-type: none"> • Fixing Your Credit • New Career Project
<p>4. Summarize major consumer credit laws.</p> <p>a. Summarize consumer credit laws and the protections that they provide.</p> <p>b. Research online and printed sources of up-to-date information about consumer credit rights.</p>	<ul style="list-style-type: none"> • Getting a Credit Card • Fixing Your Credit • New Career Project

V. Risk Management and Insurance

Overall Competency

Use appropriate and cost-effective risk management strategies.

Standard	Personal Finance Lesson
<p>1. Identify common types of risks and basic risk management methods.</p> <p>a. Give examples of how people manage risk through avoidance, reduction, retention, and transfer.</p> <p>b. Explain how to self-insure and give examples of circumstances in which self-insurance is appropriate.</p> <p>c. Recommend insurance for the types of risks that young adults might face.</p>	<ul style="list-style-type: none"> • Finding a Job • Finding an Apartment • Buying a Car • Getting a Credit Card • Using Online Banking • Intro to Investing • Risk vs. Return • Diversification • Investing for Retirement • Insurance • New Career Project
<p>2. Explain the purpose and importance of property and liability insurance protection.</p> <p>a. Differentiate among the main types of auto insurance coverage.</p> <p>b. List factors that can increase or reduce auto insurance premiums.</p> <p>c. Determine the legal minimum amounts of auto insurance coverage required in one's state of residence and recommend optimal amounts.</p> <p>d. Given a scenario, calculate the amount paid on an insurance claim after applying exclusions and deductibles.</p> <p>e. Compare the costs of auto insurance for the same vehicle, given two different deductibles and two different liability coverage limits.</p> <p>f. Explain the benefits of renter's insurance and compare policies from different companies.</p>	<ul style="list-style-type: none"> • Finding an Apartment • Buying a Car • Insurance • New Career Project
<p>3. Explain the purpose and importance of health, disability, and life insurance protection.</p> <p>a. Analyze the conditions under which young adults need life, health, and disability insurance.</p> <p>b. Identify government programs that provide financial assistance for income loss</p>	<ul style="list-style-type: none"> • Finding a Job • Insurance • New Career Project

<p>due to illness, disability, or premature death.</p> <p>c. Compare sources of health and disability insurance coverage, including employee benefit plans.</p> <p>d. Explain the purpose of long-term care insurance.</p>	
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VI. Saving and Investing

Overall Competency

Implement a diversified investment strategy that is compatible with personal goals.

Standard	Personal Finance Lesson
<p>1. Discuss how saving contributes to financial well-being.</p> <p>a. Describe the advantages and disadvantages of saving for short-, medium-, and long-term goals.</p> <p>b. Identify and compare saving strategies, including “paying yourself first,” using payroll deduction, and comparison shopping to spend less.</p> <p>c. Develop a definition of wealth based on personal values, priorities, and goals</p>	<ul style="list-style-type: none"> • Time Management & Health • Budgeting & Saving • Shopping • Intro to Investing • New Career Project
<p>2. Explain how investing builds wealth and helps meet financial goals.</p> <p>a. Identify and compare strategies for investing, including participating in a company retirement plan.</p> <p>b. Describe the effect of inflation on investment growth.</p> <p>c. Given rate of return, and years, use a financial or online calculator to figure (a) the end value of an invested lump sum and (b) the lump sum needed to reach a specific investment goal.</p> <p>d. Given rate of return, years, and frequency, use a financial or online calculator to figure (a) the end value of an invested periodic amount and (b) the periodic amount needed to reach a specific investment goal.</p> <p>e. Explain the relative importance of the following sources of income in retirement: Social Security, employer retirement plans, and personal investments.</p> <p>f. Explain why games of chance are not good investments for building wealth.</p>	<ul style="list-style-type: none"> • Intro to Investing • Risk vs. Return • Diversification • Investing for Retirement • New Career Project
<p>3. Evaluate investment alternatives.</p> <p>a. Discuss common types of investment risk.</p>	<ul style="list-style-type: none"> • Intro to Investing • Risk vs. Return • Diversification • Investing for Retirement

<p>b. Compare the risks and returns of various investments.</p> <p>c. Calculate investment growth given different amounts, times, rates of return, and frequency of compounding.</p> <p>d. Describe the benefits of a diversified investment portfolio.</p> <p>e. Identify the appropriate types of investments to achieve the objectives of liquidity, income, and growth.</p> <p>f. Identify the appropriate types of investments for accumulating the money for a four-year college education, a wedding, a new business startup, the down payments on a new car and a house, and retirement.</p> <p>g. Use systematic decision making to select an investment.</p>	<ul style="list-style-type: none"> • New Career Project
<p>4. Describe how to buy and sell investments.</p> <p>a. Analyze how economic and business factors affect the market value of a stock.</p> <p>b. Compare the investment objectives and historical rates of returns in two mutual fund prospectuses.</p> <p>c. Compare the advantages and disadvantages of buying and selling investments through various channels, including financial advisors, investment clubs, and online brokers.</p> <p>d. Describe the benefits of dollar-cost averaging and calculate the average cost per share of investments using this strategy</p>	<ul style="list-style-type: none"> • Intro to Investing • Risk vs. Return • Diversification • Investing for Retirement • New Career Project
<p>5. Explain how taxes affect the rate of return on investments.</p> <p>a. Compare the returns of taxable investments with those that are tax-exempt or tax-deferred.</p> <p>b. Contrast the benefits of a traditional IRA versus a Roth IRA.</p> <p>c. Describe the advantages provided by</p>	<ul style="list-style-type: none"> • Risk vs. Return • Investing for Retirement • New Career Project

employer-sponsored retirement savings plans, including 401(k) and related plans.	
6. Investigate how agencies that regulate financial markets protect investors. a. Explain how federal and state regulators protect investors.	<ul style="list-style-type: none">• Intro to Investing• Investing for Retirement• New Career Project