

**CONNECTICUT Standards for Personal Financial Management and Financial Literacy
Standards/Performance Elements/Performance Indicators/Objectives**

Instructional Area: Financial Analysis (FI)

Performance Element: Understand the fundamental principles of money needed to make financial exchanges.

Performance Indicator: FI:058 Explain forms of financial exchange (cash, credit, debit, electronic funds transfer, etc.) (PQ)

Objectives:

- a. Define the following terms: cash, credit, debit, electronic funds transfer, negotiable instruments, promissory notes, holder in due course.
- b. Explain the need for forms of financial exchange.
- c. Describe the advantages and disadvantages of different forms of financial exchange.
- d. Discuss how credit and debit cards and checks are used as forms of financial exchange.
- e. Discuss how negotiable instruments are used as forms of financial exchange.

Performance Indicator: FI:059 Identify types of currency (paper money, coins, banknotes, government bonds, treasury notes, etc.) (PQ)

Objectives:

- a. Define the following terms: currency, private currency, fiat currency, deposit money, representative money, commodity money, local currency, specie, and banknote.
- b. Discuss the importance of currency in an economy.
- c. Explain the advantages and disadvantages of fiat currency.
- d. Differentiate between coins and paper money.

Performance Indicator: FI:060 Describe functions of money (medium of exchange, unit of measure, store of value) (PQ)

Objectives:

- a. Explain why money is used as a medium of exchange.
- b. Discuss how money is used as a unit of measure.
- c. Describe how money is used as a store of value.
- d. Explain how money is used as an incentive.

Performance Element: Understand the fundamental principles of money needed to make financial exchanges.

Performance Indicator: FI:061 Describe sources of income and compensation (CS)

Objectives:

- a. Define the following terms: wage, salary, interest, rent, dividends, and transfer payments.
- b. Distinguish between earned and unearned income.
- c. Explain the benefits and drawbacks of different sources of income.

- d. Discuss the use of benefits as a form of compensation.
- e. Describe the relationship between education and income.
- f. Discuss the influence of career choice on income.
- g. Explain the risks inherent in relying on receipt of inheritances.
- h. Discuss tax implications associated with sources of income.

Performance Indicator: FI:062 Explain the time value of money (CS)

Objectives:

- a. Define the terms time value of money, inflation, interest rate, present value, and compound interest.
- b. Describe how time impacts the value of money.
- c. Explain information that is needed when considering the time value of money (i.e., date at which the dollar amount is measured and the interest rate applied).
- d. Explain the impact of inflation on the value of money.
- e. Discuss situations in which the present value is needed.

Performance Indicator: FI:002 Explain the purposes and importance of credit (CS) LAP-FI-002

Objectives: a. Define the term credit.

- b. Describe types of credit commonly extended to credit users (e.g., revolving credit, bank credit cards, consumer loans, etc.).
- c. Identify sources of credit.
- d. Explain costs associated with the use of credit (e.g., APR, late fees, service charges, etc.).
- e. Discuss the advantages and disadvantages of fixed- and adjustable-rate credit.
- f. Describe costs associated with the extension of credit.
- g. Explain reasons that businesses extend credit.
- h. Describe the types of benefits credit users may receive from the use of credit.
- i. Describe legislation affecting the extension of credit.

Performance Element: Understand the fundamental principles of money needed to make financial exchanges.

Performance Indicator: FI:063 Explain legal responsibilities associated with consumer financial products and services (CS)

Objectives:

- a. Describe how consumers and financial institutions benefit from financial exchanges (i.e., both are legally protected at the time of the financial exchange as a result of the terms of the financial agreement).
- b. Explain legal responsibilities of borrowers and lenders in financial exchanges.
- c. Explain legal responsibilities of investors and brokers in financial exchanges.
- d. Identify regulations of consumer financial products and services (e.g., Truth in Lending Act, Federal Fair Debt Collection Practices Act, Equal Credit Opportunity Act).
- e. Identify agencies that regulate consumer financial products and services (e.g., FDIC, SEC, CFPB, NCUA).
- f. Describe legal responsibilities associated with electronic financial products and services.

Performance Element: Analyze financial needs and goals to determine financial requirements.

Performance Indicator: FI:270 Explain the need to save and invest (CS)

Objectives:

- a. Define the following terms: saving, investing, financial needs, and financial goals.
- b. Identify types of financial needs (e.g., college, retirement, wills, insurance, etc.).
- c. Discuss ways individuals meet financial needs.
- d. Discuss the importance of setting financial goals to meet financial needs.
- e. Explain the concept of using money to make money.
- f. Distinguish between saving and investing.
- g. Compare the outcome of saving/investing early versus late in life.
- h. Describe ways individuals benefit from saving/investing.

Performance Indicator: FI:065 Set financial goals (CS)

Objectives:

- a. Discuss the value of planning in meeting financial goals.
- b. Identify obstacles to meeting financial goals.
- c. Describe characteristics of useful financial goals.
- d. Explain a financial goal-setting process.
- e. Demonstrate procedures for setting financial goals.

Performance Element: Analyze financial needs and goals to determine financial requirements.

Performance Indicator: FI:066 Develop personal budget (CS)

Objectives:

- a. Define the following terms: personal budget, income, and expenses.
- b. Identify common personal income and expenses.
- c. Distinguish between fixed and variable expenses.
- d. Discuss the importance of developing a personal budget to manage spending and reach financial goals.
- e. Explain steps for developing a personal budget.
- f. Explain the role of ongoing tracking and analysis when budgeting.
- g. Demonstrate steps for developing a personal budget.

Performance Indicator: FI:562 Determine personal net worth (CS)

Objectives:

- a. Define the terms asset, liability, and net worth.
- b. Identify personal assets.
- c. Identify personal liabilities.
- d. Explain the calculation of personal net worth.
- e. Discuss how knowing personal net worth can be beneficial.
- f. Prepare personal net worth statement.

Performance Element: Manage personal finances to achieve financial goals.

Performance Indicator: FI:067 Explain the nature of tax liabilities (PQ)

Objectives:

- a. Define the term tax liability.
- b. Describe types of taxes (e.g., income, sales, property, excise, etc.).
- c. Identify levels of government that collect taxes (i.e., federal, state, local).
- d. Explain the purpose of taxes.
- e. Discuss who is required to pay taxes.

Performance Indicator: FI:068 Interpret a pay stub (PQ)

Objectives:

- a. Define the following terms: pay period, gross income, net income, deduction, pension, 401(k), and FICA.
- b. Explain the components of a pay stub.
- c. Identify types of deductions that appear on pay stubs.
- d. Discuss reasons for interpreting a pay stub.
- e. Explain procedures for interpreting a pay stub.
- f. Demonstrate how to interpret a pay stub.

Performance Element: Manage personal finances to achieve financial goals.

Performance Indicator: FI:560 Write checks (PQ)

Objectives:

- a. Explain the information that must be provided on checks.
- b. Describe how to fill out checks correctly.
- c. Discuss the importance of legibility in filling out checks.
- d. Discuss how to place a stop payment on checks.
- e. Describe how to endorse checks.
- f. Demonstrate procedures for writing checks.

Performance Indicator: FI:069 Maintain financial records (PQ)

Objectives:

- a. Define the following terms: maintain, checkbook register, savings register, deposit, and withdrawal.
- b. Identify types of financial records that should be maintained (e.g., checkbook register, savings register).
- c. Discuss reasons to keep bank account records up to date.
- d. Discuss procedures used to maintain financial records.
- e. Demonstrate procedures used to maintain financial records.

Performance Indicator: FI:070 Balance a bank account (PQ)

Objectives:

- a. Define the following terms: reconcile, bank statement, transaction, transaction fee, balance, and overdraft protection.
- b. Explain the components of a bank statement.
- c. Identify problems that may occur when bank statements are not reconciled.
- d. Discuss actions to take if a bank statement is incorrect. e. Explain procedures for balancing a bank account.
- f. Demonstrate how to balance a bank account.

Performance Indicator: FI:567 Explain the nature of charitable giving (PQ)

Objectives:

- a. Distinguish between the terms tax exempt and tax deductible.
- b. Describe ways to give to charities.
- c. Identify types of charitable-giving scams.
- d. Discuss techniques for avoiding charitable-giving scams.
- e. Explain criteria that can be used to evaluate a charitable organization.
- f. Discuss how to check out a charity before contributing.

Performance Element: Manage personal finances to achieve financial goals.

Performance Indicator: FI:782 Calculate the cost of credit (CS)

Objectives:

- a. Define the following terms: annual percentage rate, periodic interest rate, average daily balance, and cost of credit.
- b. Explain how interest increases the cost of credit.
- c. Discuss reasons for calculating the cost of credit.
- d. Demonstrate techniques for calculating the cost of credit.

Performance Indicator: FI:071 Demonstrate the wise use of credit (CS)

Objectives:

- a. Define the following terms: annual fee and late fee.
- b. Discuss reasons to use credit wisely.
- c. Describe possible consequences of using credit unwisely.
- d. Identify situations that result in credit-history problems.
- e. Discuss methods for selecting sources of credit.
- f. Explain techniques to use credit wisely (e.g., limiting the number of credit cards, paying off credit balances, paying more than monthly minimum balance, and avoiding cash advances) .
- g. Monitor credit reports.
- h. Demonstrate ways to use credit wisely.

Performance Indicator: FI:072 Validate credit history (CS)

Objectives:

- a. Define the terms credit report, credit score/rating, and credit reporting agency.
- b. Explain reasons to check one's credit history.
- c. Discuss methods for obtaining one's credit history.
- d. Explain information included in a credit report.
- e. Discuss techniques used to validate one's credit history.
- f. Describe techniques for disputing information found in a credit report.
- g. Demonstrate methods to validate a personal credit history.

Performance Indicator: FI:783 Make responsible financial decisions (CS)

Objectives:

- a. Discuss reasons for considering the consequences of financial decisions.

- b. Explain the importance of saving and investing regularly.
- c. Discuss the importance of reading and understanding financial terms and offers.
- d. Describe the benefits of comparison shopping.
- e. Describe the impact of impulse spending.
- f. Compare costs and benefits of buying vs. renting/leasing.
- g. Explain financial scams to avoid.
- h. Demonstrate how to make responsible financial decisions.

Performance Element: Manage personal finances to achieve financial goals.

Performance Indicator: FI:073 Protect against identity theft (CS)

Objectives:

- a. Define the following terms: identity theft, phishing.
- b. Explain the importance of guarding against identity theft.
- c. Identify ways in which one's identity may be stolen.
- d. Describe problems that may occur if a person becomes the victim of identity theft.
- e. Explain what an individual should do if they fall victim to identity theft.
- f. Discuss methods to protect against identity theft.
- g. Demonstrate methods to protect against identity theft.

Performance Indicator: FI:565 Pay bills (CS)

Objectives:

- a. Identify frequently paid bills.
- b. Explain information usually found on bills.
- c. Discuss the importance of verifying charges identified on billing statements.
- d. Describe methods to contest incorrect bills.
- e. Describe ways that bills can be paid (e.g., manually, electronically, direct withdrawal, etc.).
- f. Discuss the impact of failing to pay bills on time.
- g. Demonstrate procedures for paying bills.

Performance Indicator: FI:625 Apply for a consumer loan (SP)

Objectives:

- a. Explain factors that affect whether a person will be granted a loan (e.g., character, capacity, collateral).
- b. Discuss factors to consider in selecting a consumer loan to obtain.
- c. Describe how APR impacts choice of loans. d. Explain the role of cosigners when applying for a loan.
- e. Identify documentation that must be supplied when applying for a consumer loan.
- f. Identify information that must be provided on a consumer loan application.
- g. Demonstrate procedures for applying for a consumer loan.

Performance Element: Manage personal finances to achieve financial goals.

Performance Indicator: FI:568 Control debt (CS)

Objectives:

- a. Define the terms insolvent, total debt, total assets, bankruptcy, debt consolidation, secured debt, unsecured debt, forbearance, foreclosure, and bankruptcy.
- b. Identify causes of excessive debt.
- c. Explain how contacting creditors can help when excessive debt occurs.
- d. Discuss options that delinquent borrowers can use to control debt (e.g., repayment plan, forbearance, loan modification, etc.).
- e. Discuss actions creditors can take when individuals fail to pay their loans (e.g., use of debt collectors, garnishment, repossession, foreclosure)
- f. Identify warning signs of debt crisis.
- g. Explain the nature of bankruptcy.
- h. Discuss the impact of bankruptcy (e.g., on credit reports, future credit acquisition, employment, etc.).
- i. Demonstrate ways to control debt.

Performance Indicator: FI:074 Prepare personal income tax forms (CS)

Objectives:

- a. Define the terms adjusted gross income, 1040 tax form, taxable income, exemptions, and deductions.
- b. Identify criteria for filing personal income tax forms.
- c. Describe the information contained on a W-2 form.
- d. Explain an employer's responsibility for providing employees with W-2 forms.
- e. Identify forms of income that must be reported on personal income tax forms.
- f. Demonstrate procedures for preparing a personal income tax form.

Performance Indicator: FI:831 Discuss options for financing a college education (CS)

Objectives:

- a. Identify different types of higher education (e.g., college, university, non-profit, for-profit, public, private, 4-year institution, 2-year institution).
- b. Identify costs associated with attending a college/university.
- c. Discuss methods to save for a college education (e.g., 529 plans, mutual funds).
- d. Discuss aid sources for financing a college education (e.g., scholarships, grants, loans).
- e. Distinguish between scholarships and grants.
- f. Explain the role of financial aid in funding a college education.
- g. Discuss the federal student aid application and approval process.
- h. Describe the student loan repayment process.

Performance Element: Manage personal finances to achieve financial goals.

Performance Indicator: FI:569 Discuss the nature of retirement planning (CS)

Objectives:

- a. Define the term retirement planning, asset allocation, and vesting.
- b. Explain the importance of starting early when planning for retirement.

- c. Discuss factors to consider when planning for retirement (e.g., inflation rates, health care needs, housing needs/costs, desired retirement age, etc.)
- d. Distinguish between defined benefit retirement plans and defined contribution retirement plans.
- e. Cite an example of a defined benefit retirement plan (e.g., pension plan).
- f. Cite an example of a defined contribution retirement plan (e.g., 401(k), 403(b)).
- g. Distinguish between an individual retirement account (IRA) and a Roth IRA.
- h. Discuss protections that are in place to protect employees' retirement plans.
- i. Explain the relationship between Social Security benefits and a benefit retirement plan.
- j. Discuss how the amount of Social Security benefits received at retirement is determined.
- k. Discuss how the use of asset allocation protects savings and investments.
- l. Describe techniques that can be used to close the gap between retirement savings and retirement expenses.

Performance Element: Understand the use of financial-services providers to aid in financial-goal achievement.

Performance Indicator: FI:075 Describe types of financial-services providers (CS)

Objectives:

- a. Identify types of financial-services providers.
- b. Describe banking services.
- c. Compare types of banking institutions.
- d. Discuss investment services.
- e. Explain services offered by insurance companies.
- f. Describe intermediation or advisory services (e.g., stock brokers, discount brokers, etc.).
- g. Discuss online services provided by financial institutions.

Performance Indicator: FI:076 Discuss considerations in selecting a financial-services provider (CS)

Objectives:

- a. Discuss situations requiring financial-services providers.
- b. Describe ways in which financial-services providers are paid.
- c. Explain obstacles in relying on the advice of financial-services providers.
- d. Explain factors used to evaluate financial-services providers.

Performance Element: Use investment strategies to ensure financial well-being.

Performance Indicator: FI:077 Explain types of investments (CS) LAP-FI-077

Objectives:

- a. Define the following terms: savings accounts, money market accounts, certificates of deposit, bonds, lending investments, stocks, mutual funds, collectibles, ownership investments, securities.
- b. Explain the relationship between risk and return.
- c. Distinguish between lending and ownership investments.
- d. Identify types of lending investments (e.g., savings accounts, money market accounts, certificates of deposit, and bonds).
- e. Describe the risks and returns associated with lending investments.
- f. Identify types of ownership investments (e.g., stocks, mutual funds, collectibles, and real estate).
- g. Explain the risks and returns associated with ownership investments.

Performance Element: Use risk management products to protect a business's financial well-being.

Performance Indicator: FI:081 Describe the concept of insurance (CS)

Objectives:

- a. Define the following terms: insurance, premium, deductible, coverage, and liability.
- b. Discuss the relationship between risk and insurance.
- c. Explain the purpose of insurance.
- d. Identify common types of insurance (e.g., property, liability, health, disability, life).
- e. Describe insurance needs at different stages in life.
- f. Discuss the consequences of not having insurance or being underinsured.
- g. Explain how insurance works.

Performance Element: Identify potential threats and opportunities to protect financial well-being.

Performance Indicator: FI:571 Determine insurance needs (SP)

Objectives:

- a. Explain how determining life insurance needs differs from determining other insurance needs.
- b. Describe factors to consider when determining the amount of insurance needed.
- c. Discuss information needed to calculate insurance needs.
- d. Demonstrate procedures for determining insurance needs.

Performance Element: Acquire knowledge of banking processes and services to facilitate workplace activities.

Performance Indicator: PD:154 Describe types of personal banking products and services (CS)

Objectives:

- a. Define the following terms: overdraft protection, Automated Clearing House (ACH), asset management, and lockbox.
- b. Discuss common types of lending products and services (e.g., mortgages, vehicle loans, lines of credit, credit cards, cash advances, debt consolidation, etc.).
- c. Explain deposit account products and services (e.g., checking accounts, savings accounts, certificates of deposit [CDs], debit/ATM cards, overdraft protection, etc.).
- d. Describe common electronic banking services (e.g., wire transfers, online banking, online bill pay, electronic funds transfer [EFT] payments, automated teller machines [ATMs], mobile banking, etc.).
- e. Identify asset management services (e.g., trust services, safety deposit boxes, etc.).
- f. Identify customer-service channels frequently used in personal banking (e.g., brick and mortar branches, call centers, mobile app, etc.).
- g. Describe miscellaneous common personal banking products and services (e.g., cashier's checks, certified checks, money orders, notary services, etc.).