

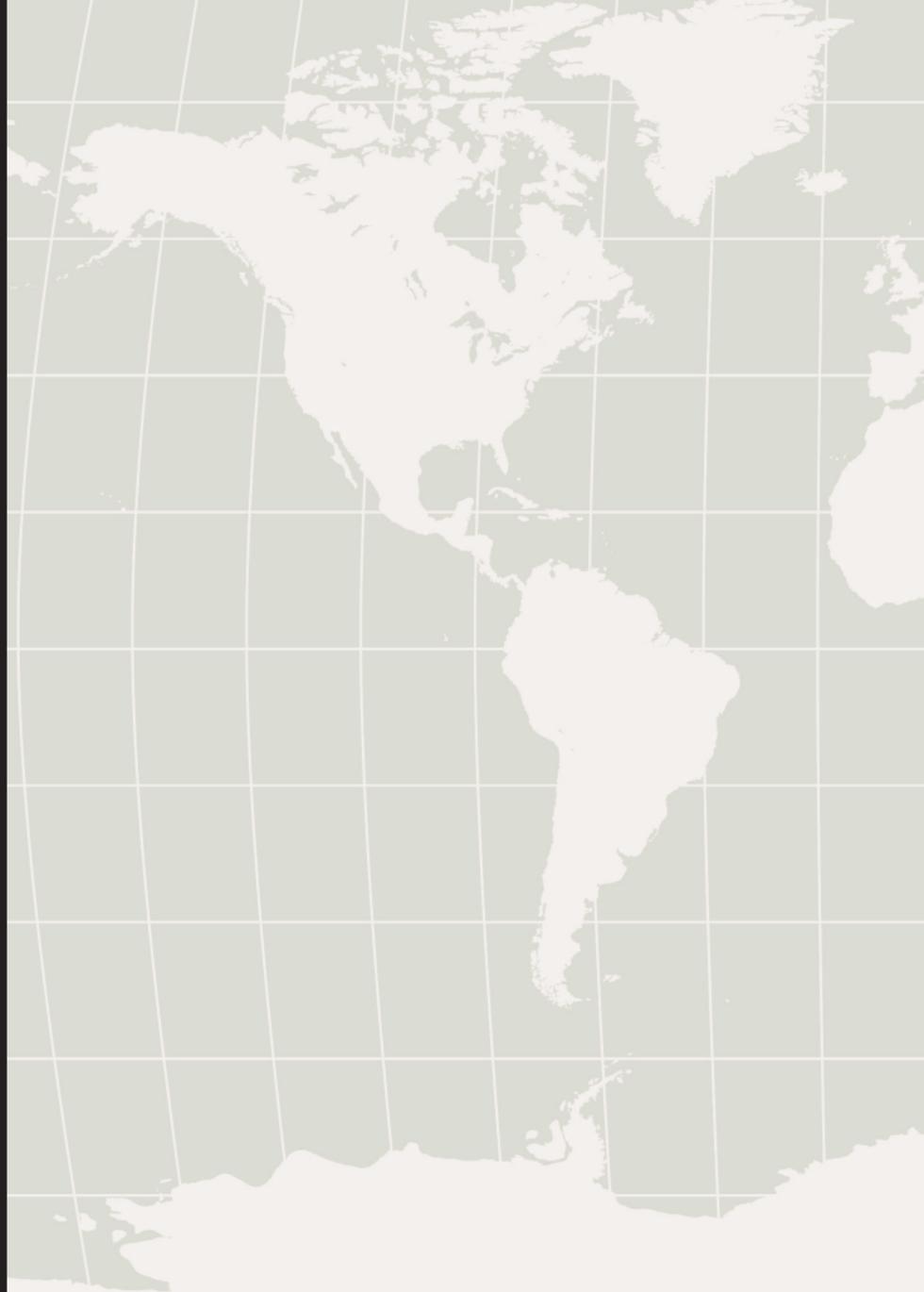
Personal Financial Literacy
PASSPORT



Priority Academic Student Skills
Grades 7-12

ENACTED 2008 • PRINTED 2009

SANDY GARRETT, STATE SUPERINTENDENT OF PUBLIC INSTRUCTION
OKLAHOMA STATE DEPARTMENT OF EDUCATION



A Message from State Superintendent Sandy Garrett

Personal Financial Literacy Grades 7-12

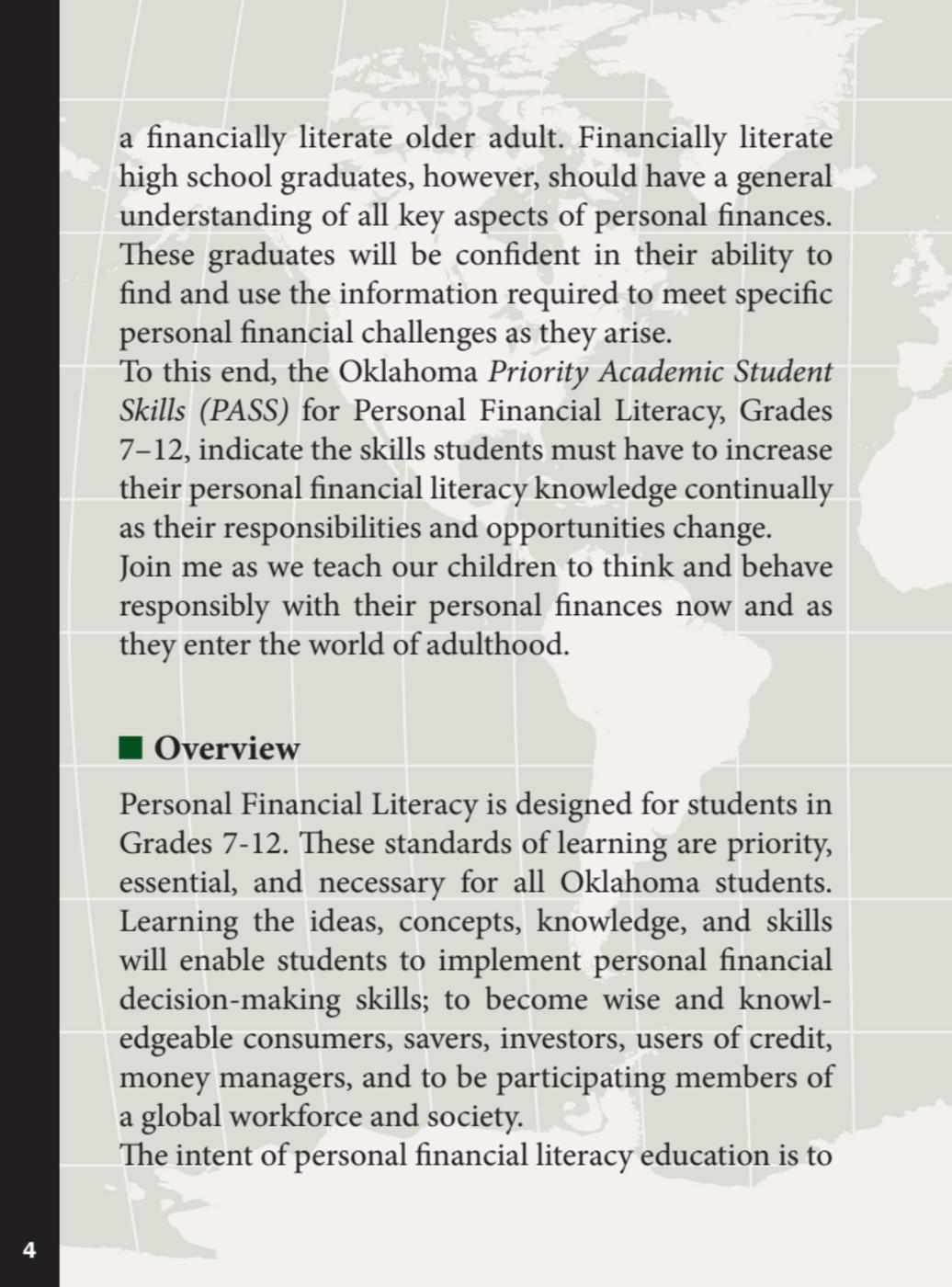


All of Oklahoma's young people graduating from high school should be able to take individual responsibility for their personal economic well-being. Broadly speaking, a financially literate high school graduate should know how to:

- Find, evaluate, and apply financial information.
- Set financial goals and plan to achieve them.
- Develop income-earning potential and the ability to save.
- Use financial services effectively.
- Meet financial obligations.
- Build and protect wealth.

Personal financial literacy is not an absolute state. It is a continuum of abilities that is subject to variables such as age, family, culture, and residence. Personal financial literacy refers to an evolving state of competency that enables each individual to respond effectively to ever-changing personal and economic circumstances.

Because of limited experience and responsibility, a typical recent high school graduate will not exhibit the same degree of knowledge of personal finance as



a financially literate older adult. Financially literate high school graduates, however, should have a general understanding of all key aspects of personal finances. These graduates will be confident in their ability to find and use the information required to meet specific personal financial challenges as they arise.

To this end, the Oklahoma *Priority Academic Student Skills (PASS)* for Personal Financial Literacy, Grades 7–12, indicate the skills students must have to increase their personal financial literacy knowledge continually as their responsibilities and opportunities change.

Join me as we teach our children to think and behave responsibly with their personal finances now and as they enter the world of adulthood.

■ Overview

Personal Financial Literacy is designed for students in Grades 7-12. These standards of learning are priority, essential, and necessary for all Oklahoma students. Learning the ideas, concepts, knowledge, and skills will enable students to implement personal financial decision-making skills; to become wise and knowledgeable consumers, savers, investors, users of credit, money managers, and to be participating members of a global workforce and society.

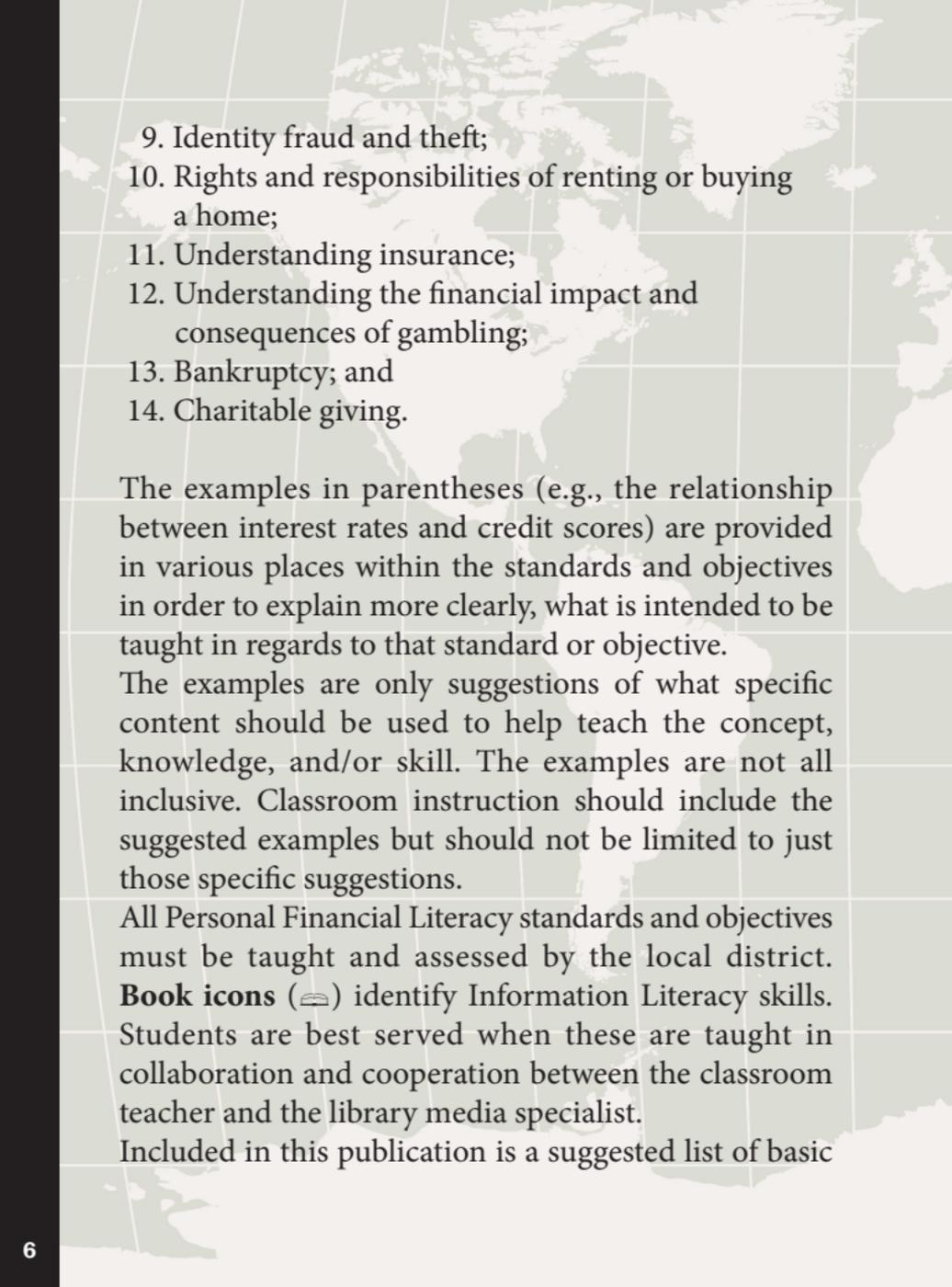
The intent of personal financial literacy education is to

inform students how individual choices directly influence occupational goals and future earnings potential. Effective money management is a disciplined behavior and much easier when learned earlier in life.

The fourteen areas of instruction designated in the *Passport to Financial Literacy Act of 2007* (70 O.S. § 11-103.6h) are designed to provide students with the basic skills and knowledge needed to effectively manage their personal finances. Basic economic concepts of scarcity, choice, opportunity cost, and cost/benefit analysis are interwoven throughout the standards and objectives. This systematic way of making personal financial decisions will provide students a foundational understanding for making informed personal financial decisions.

Real world topics covered by these standards include the following:

1. Earning an income;
2. Understanding state and federal taxes;
3. Banking and financial services;
4. Balancing a checkbook;
5. Savings and investing;
6. Planning for retirement;
7. Understanding loans and borrowing money, including predatory lending and payday loans;
8. Understanding interest, credit card debt, and online commerce;

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9. Identity fraud and theft;
 10. Rights and responsibilities of renting or buying a home;
 11. Understanding insurance;
 12. Understanding the financial impact and consequences of gambling;
 13. Bankruptcy; and
 14. Charitable giving.

The examples in parentheses (e.g., the relationship between interest rates and credit scores) are provided in various places within the standards and objectives in order to explain more clearly, what is intended to be taught in regards to that standard or objective.

The examples are only suggestions of what specific content should be used to help teach the concept, knowledge, and/or skill. The examples are not all inclusive. Classroom instruction should include the suggested examples but should not be limited to just those specific suggestions.

All Personal Financial Literacy standards and objectives must be taught and assessed by the local district. **Book icons** (📖) identify Information Literacy skills. Students are best served when these are taught in collaboration and cooperation between the classroom teacher and the library media specialist.

Included in this publication is a suggested list of basic

academic personal financial literacy terms. This suggested list is provided in order to help students continue building their basic academic vocabulary.

Note: Personal financial literacy terms used here appear with appropriate definitions and examples at the end of this section of PASS in the glossary.

Personal Financial Literacy

Grades 7-12

STANDARD 1: The student will describe the importance of earning an income and explain how to manage personal income through the use of a budget.

- 1 Evaluate how career choices, educational/vocational preparation, skills, and entrepreneurship affect income and standard of living (e.g., postsecondary degree/certification, needs versus wants, and ability to live on less than you earn). 📖
- 2 Identify the components of a personal/family budget (e.g., income, savings/investments, taxes, emergency fund, expenses, and charitable giving) based on short, medium, and long term goals (e.g., financial, personal, educational, and career). 📖
- 3 Explain how taxes, employee benefits, and payroll deductions affect income.

STANDARD 2: The student will identify and describe the impact of local, state, and federal taxes upon income and standard of living.

- 1 Identify and explain types of taxes (e.g., personal income, sales, and property taxes) and explain the reasons for taxation at the local, state, and federal levels (e.g., roads, water/sanitation services, social services, schools, and law enforcement). 📖
- 2 Explain the importance of meeting tax obligations and describe possible consequences of failing to meet those obligations (e.g., fees, penalties, interest, garnishment of wages, and imprisonment).

STANDARD 3: The student will describe the functions and uses of banks and other financial service providers.

- 1 Identify and compare the basic types of financial institutions (e.g., banks, mortgage companies, credit unions, brokerage firms, and finance companies). 📖
- 2 Describe and compare the most common financial products and services (e.g., checking, credit cards, Automated Teller Machines (ATMs), savings, loans, investments, and insurance). 📖

STANDARD 4: The student will demonstrate the ability to balance a checkbook and reconcile financial accounts.

- 1 Explain the reasons for balancing a checkbook and reconciling an account statement.
- 2 Develop and apply banking account management skills (e.g., correctly write, endorse, and deposit checks; balance a checkbook, including debit withdrawals and fees; and reconcile and monitor checking and savings account statements).

STANDARD 5: The student will analyze the costs and benefits of saving and investing.

- 1 Explain reasons for saving and investing to meet goals and build wealth (e.g., opportunity cost, return on investment, emergencies, major purchases, down payments, and education).
- 2 Identify and compare the costs and benefits of various investment strategies (e.g., compound interest, tax implications, account liquidity, and investment diversification) and how inflation affects investment growth. 📖

STANDARD 6: The student will explain and evaluate the importance of planning for retirement.

- 1 Describe the necessity of accumulating financial resources needed for specific retirement goals, activities, and lifestyles, based on life expectancy.
- 2 Explain the roles of Social Security, employer retirement plans, and personal investments (e.g., annuities, IRAs, real estate, stocks, and bonds) as sources of retirement income. 📖

STANDARD 7: The student will identify the procedures and analyze the responsibilities of borrowing money.

- 1 Identify and analyze sources of credit (e.g., financial institutions, private lenders, and retail businesses) and credit products (e.g., student loans, credit cards, and car loans). 📖
- 2 Identify standard loan practices, predatory lending practices (e.g., rapid tax return, rapid access loans, and payday loans), and legal debt collection practices. 📖
- 3 Explain the importance of establishing a positive credit history (e.g., maintaining a reasonable debt to income ratio), describe information contained in a credit report, and explain the factors that affect a credit score (e.g., the relationship between interest rates and credit scores).
- 4 Explain how the terms of a loan (e.g., interest rates, fees, and repayment schedules) affect the cost of credit.

STANDARD 8: The student will describe and explain interest, credit cards, and online commerce.

- 1 Compare costs and benefits of using credit cards and making online purchases (e.g., interest rates, fees, repayment schedules, and personal information protection). 📖
- 2 Evaluate options for payments on credit cards (e.g., minimum payment, delayed payments, or payment in full).

STANDARD 9: The student will identify and explain consumer fraud and identify theft.

- 1 Describe unfair, deceptive, or fraudulent business practices (e.g., pyramid schemes, bait and switch, and phishing) 📖
- 2 Describe ways to recognize and avoid identity theft (e.g., review monthly financial statements and annual credit reports; and protect personal information and online passwords). 📖
- 3 Describe methods to correct problems arising from identity theft and fraudulent business practices (e.g., contact national credit bureaus and local/state law enforcement agencies).

STANDARD 10: The student will explain and compare the responsibilities of renting versus buying a home.

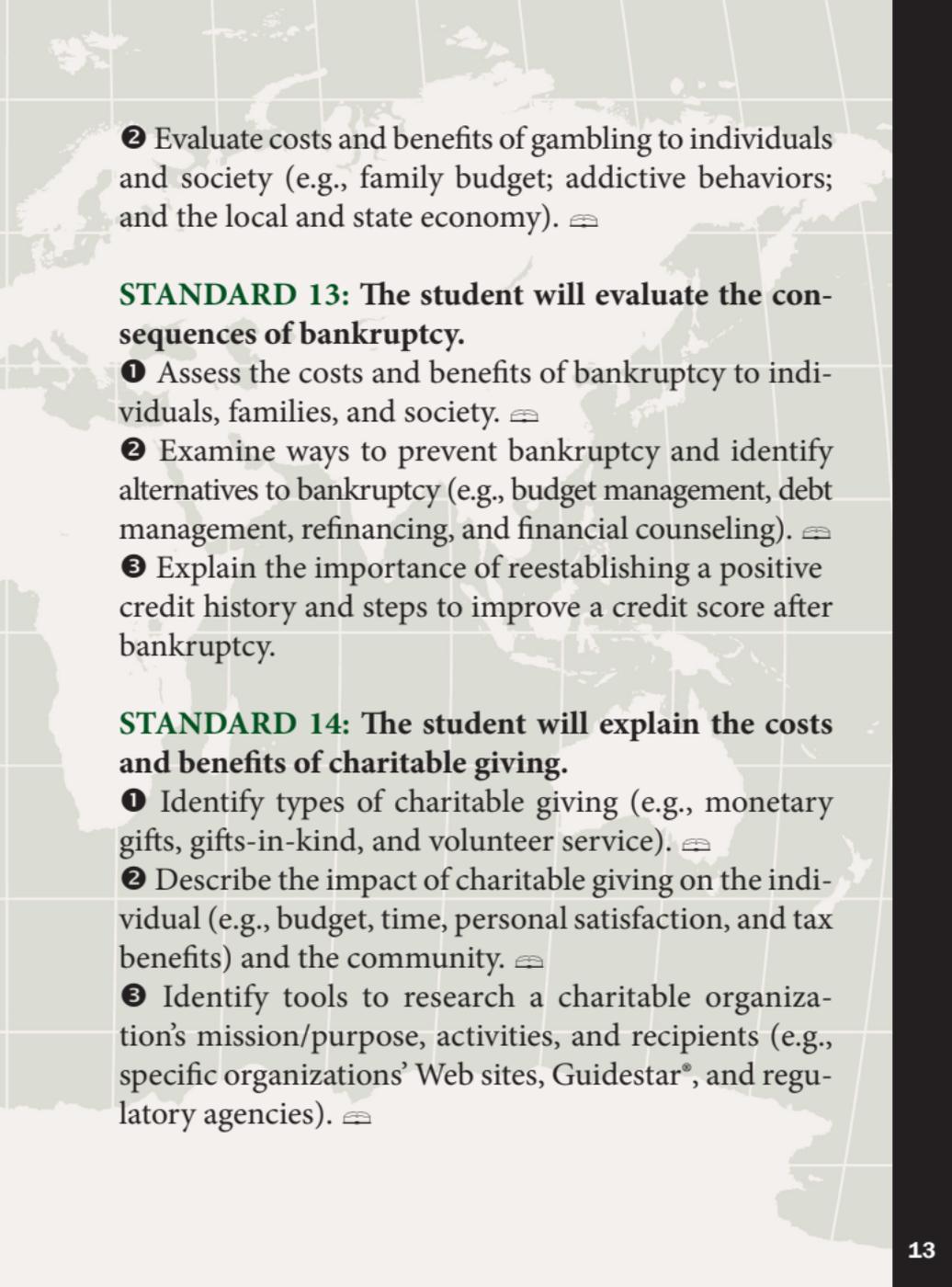
- 1 Compare the costs and benefits of renting versus buying a home.
- 2 Explain the elements of a standard lease agreement (e.g., deposit, due date, grace period, late fees, and utilities). 🏠
- 3 Explain the elements of a mortgage (e.g., down payment, escrow account, due date, late fees, and amortization tables); types of lenders; and fixed or adjustable rate mortgage loans. 🏠

STANDARD 11: The student will describe and explain how various types of insurance can be used to manage risk.

- 1 Identify common risks to life and property (e.g., illness, death, natural catastrophe, and accident). 🏠
- 2 Explain the purpose and importance of insurance protection as a risk management strategy (e.g., life, health, property, liability, disability, and automobile).
- 3 Examine appropriate amounts of insurance and how insurance deductibles work.

STANDARD 12: The student will explain and evaluate the financial impact and consequences of gambling.

- 1 Analyze the probabilities involved in winning at games of chance. 🎰

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- ② Evaluate costs and benefits of gambling to individuals and society (e.g., family budget; addictive behaviors; and the local and state economy). 📖

STANDARD 13: The student will evaluate the consequences of bankruptcy.

- ① Assess the costs and benefits of bankruptcy to individuals, families, and society. 📖
- ② Examine ways to prevent bankruptcy and identify alternatives to bankruptcy (e.g., budget management, debt management, refinancing, and financial counseling). 📖
- ③ Explain the importance of reestablishing a positive credit history and steps to improve a credit score after bankruptcy.

STANDARD 14: The student will explain the costs and benefits of charitable giving.

- ① Identify types of charitable giving (e.g., monetary gifts, gifts-in-kind, and volunteer service). 📖
- ② Describe the impact of charitable giving on the individual (e.g., budget, time, personal satisfaction, and tax benefits) and the community. 📖
- ③ Identify tools to research a charitable organization's mission/purpose, activities, and recipients (e.g., specific organizations' Web sites, Guidestar®, and regulatory agencies). 📖

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SANDY GARRETT

STATE SUPERINTENDENT
OF PUBLIC INSTRUCTION



■ Passport to Personal Financial Literacy

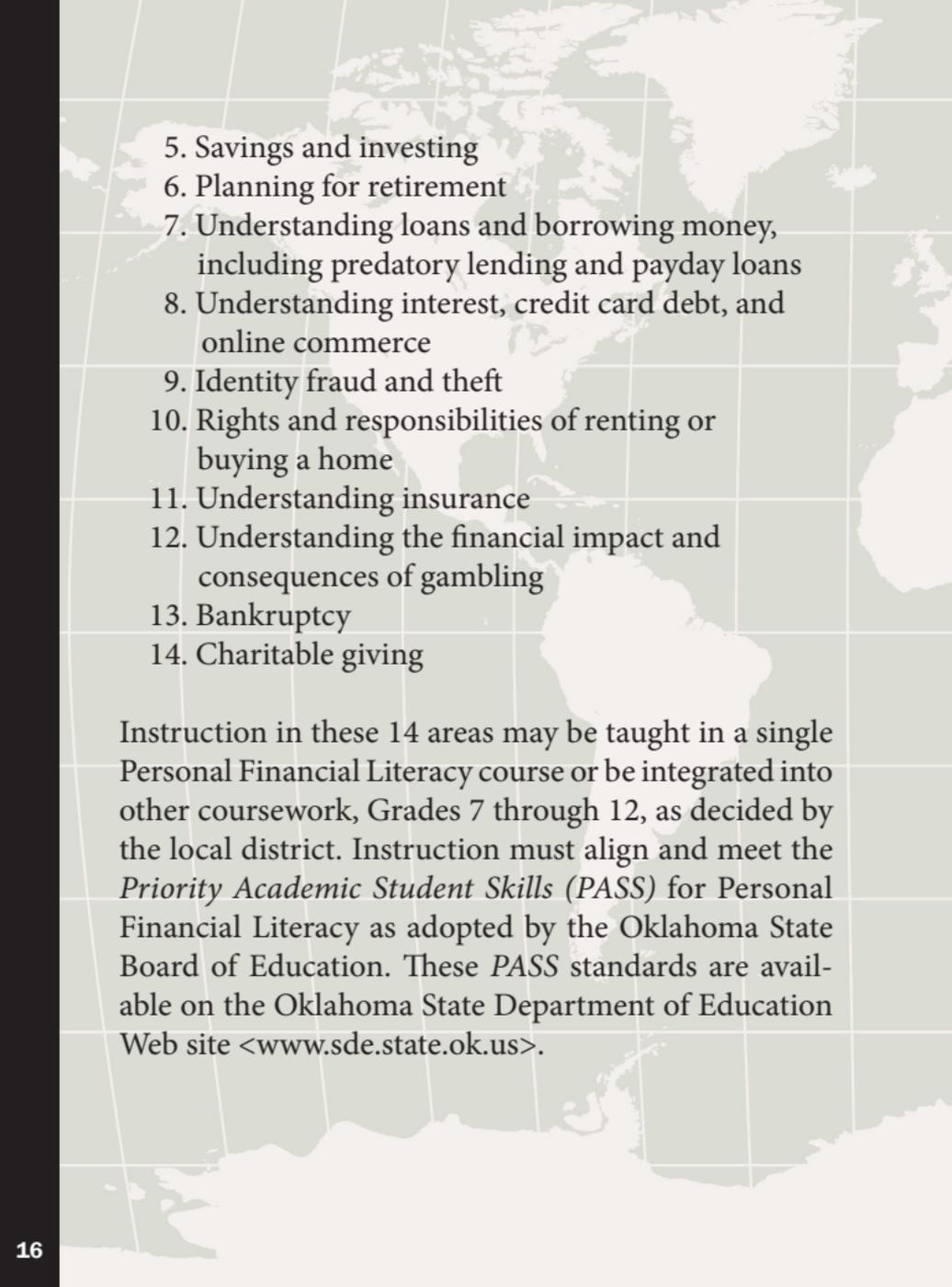
70. O.S. § 11-103.6H

House Bill 1476 that created *The Passport to Financial Literacy Act of 2007* became effective July 1, 2007. The law requires that Oklahoma students beginning with the seventh grade in 2008-2009 shall fulfill the requirements for a Personal Financial Literacy Passport in order to graduate from a public high school with a standard diploma. Requirements for a Personal Financial Literacy Passport “shall be satisfactory completion in all areas of instruction” during Grades 7-12.

■ Graduation Requirements

Students shall fulfill the requirements for a Personal Financial Literacy Passport in order to graduate from a public high school with a standard diploma. Requirements for a Personal Financial Literacy Passport shall be satisfactory completion and demonstration of satisfactory knowledge in each of the 14 areas of instruction during Grades 7-12. Those 14 areas include:

1. Earning an income
2. Understanding state and federal taxes
3. Banking and financial services
4. Balancing a checkbook

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5. Savings and investing
 6. Planning for retirement
 7. Understanding loans and borrowing money, including predatory lending and payday loans
 8. Understanding interest, credit card debt, and online commerce
 9. Identity fraud and theft
 10. Rights and responsibilities of renting or buying a home
 11. Understanding insurance
 12. Understanding the financial impact and consequences of gambling
 13. Bankruptcy
 14. Charitable giving

Instruction in these 14 areas may be taught in a single Personal Financial Literacy course or be integrated into other coursework, Grades 7 through 12, as decided by the local district. Instruction must align and meet the *Priority Academic Student Skills (PASS)* for Personal Financial Literacy as adopted by the Oklahoma State Board of Education. These *PASS* standards are available on the Oklahoma State Department of Education Web site <www.sde.state.ok.us>.

■ Implementation Timeframes

If the district has decided to teach Personal Financial Literacy in the 7th grade, implementation must have begun in the fall of 2008. Pre-Kindergarten to Grade 8 districts must have begun implementing the law in the fall 2008 with Grade 7; if the district determines to place Personal Financial Literacy in Grade 8, implementation must begin fall 2009.

Effective and implementation dates: The law became effective on July 1, 2007. Implementation began in the 2008-09 school year. Implementation will be a graduated phase-in process:

Grade 7	2008-09
Grades 7-8	2009-10
Grades 7-9	2010-11
Grades 7-10	2011-12
Grades 7-11	2012-13
Grades 7-12	2013-14

Dependent districts, PK-8, may enter into a vertical articulated curriculum agreement with an independent district(s), PK-12, for facilitating and sharing of the personal financial literacy curriculum and instruction.

■ Student Cumulative Record and Student Transcript

Districts shall maintain a Personal Financial Literacy Passport cumulative record for each student. The Personal Financial Literacy Passport cumulative record shall be a uniform document used by all school districts within the state. The State Department of Education has provided an electronic version of the Personal Financial Literacy Passport cumulative record on the Department's Web site. Completion of the 14 areas of instruction of Personal Financial Literacy shall be documented on the student's high school transcript. Upon completion of the 14 *Priority Academic Student Skills* for Personal Financial Literacy, the student's transcript shall state, "The student has satisfactorily completed the 14 areas of instruction for Personal Financial Literacy."

The Personal Financial Literacy Passport cumulative record shall accompany the student when transferring to a new district.

■ Personal Financial Literacy PASS

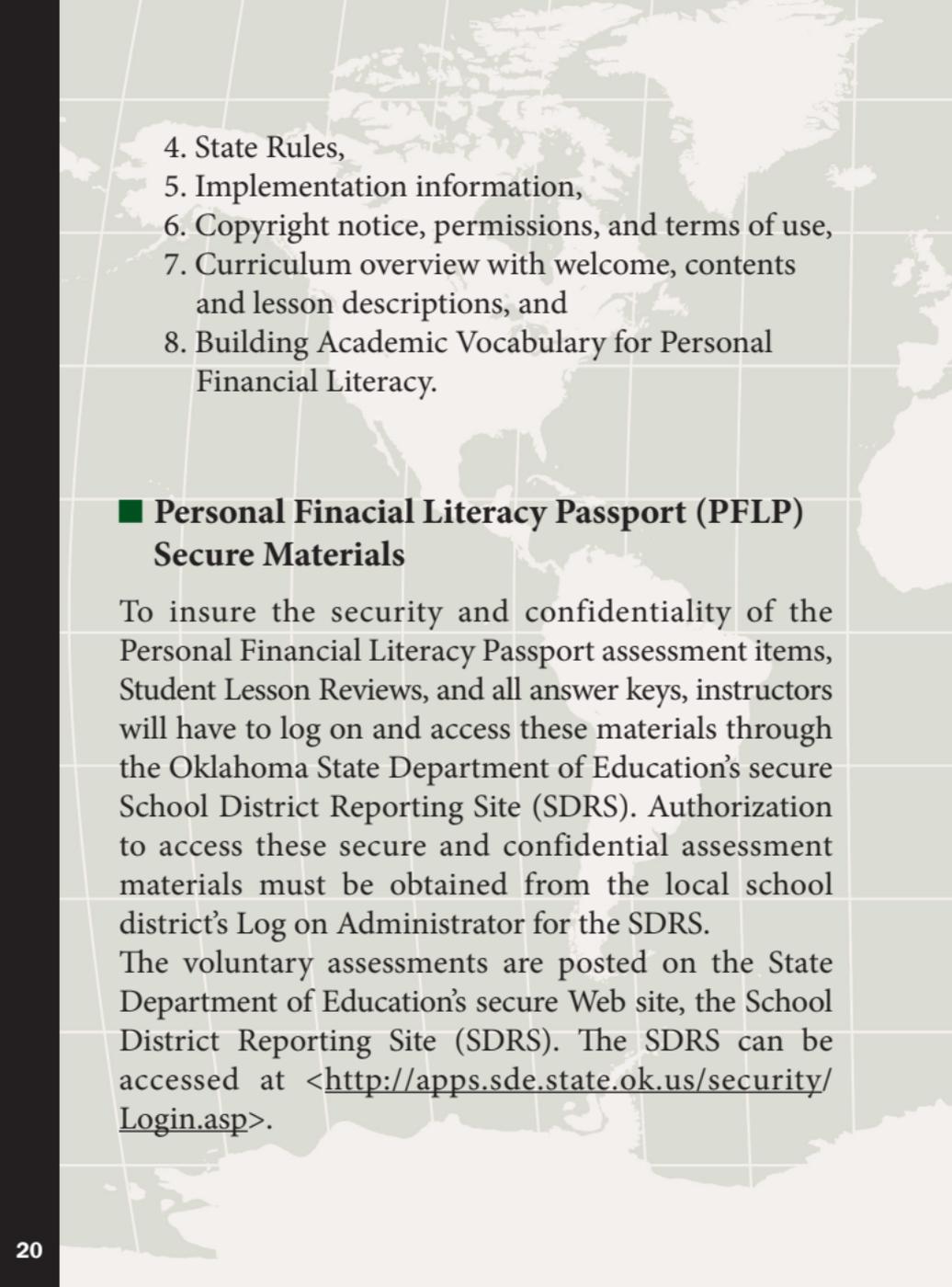
The State Board of Education adopted the *Priority Academic Student Skills (PASS)* for Personal Financial Literacy in 2007. The 14 *Priority Academic Student Skills* for Personal Financial Literacy standards correlate to the 14 areas of instruction as outlined in the law. The Personal Financial Literacy *Priority Academic Student Skills* can be found on the Web at <<http://sde.state.ok.us/Curriculum/PFLP/pdf/PASS.pdf>>.

■ Personal Financial Literacy Online Modules and Assessments

The online Personal Financial Literacy modules of learning are available on the State Department of Education Web site. The resources are 100% aligned to the *Priority Academic Student Skills* for Personal Financial Literacy. There are 34 student lessons covering each of the 14 *PASS* standards, 34 teacher modules, 14 voluntary student assessments for each standard, and 15 multimedia slide presentations.

Additional resources posted include:

1. H.B 1476,
2. Glossary of 260 plus terms and definitions,
3. Student Cumulative Record,

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4. State Rules,
 5. Implementation information,
 6. Copyright notice, permissions, and terms of use,
 7. Curriculum overview with welcome, contents and lesson descriptions, and
 8. Building Academic Vocabulary for Personal Financial Literacy.

■ Personal Financial Literacy Passport (PFLP) Secure Materials

To insure the security and confidentiality of the Personal Financial Literacy Passport assessment items, Student Lesson Reviews, and all answer keys, instructors will have to log on and access these materials through the Oklahoma State Department of Education's secure School District Reporting Site (SDRS). Authorization to access these secure and confidential assessment materials must be obtained from the local school district's Log on Administrator for the SDRS.

The voluntary assessments are posted on the State Department of Education's secure Web site, the School District Reporting Site (SDRS). The SDRS can be accessed at <<http://apps.sde.state.ok.us/security/Login.asp>>.

■ Teacher Certification

Teachers providing instruction in personal financial literacy shall hold a valid Oklahoma teaching certificate.

■ Professional Development

The Oklahoma State Department of Education encourages all teachers of Personal Financial Literacy to attend professional development in using the new *Priority Academic Student Skills* for Personal Financial Literacy and to gain new instructional strategies for teaching personal financial literacy content and skills. The Oklahoma State Department of Education and the Oklahoma Council on Economic Education (OCEE) will continue to provide professional development programs to help teachers provide instruction in personal financial literacy. The Personal Financial Literacy training will be provided at no cost to school districts and teachers.

For more information regarding professional development opportunities for the Personal Financial Literacy Passport, please visit the Oklahoma State Department of Education Web site <<http://sde.state.ok.us>> or the Oklahoma Council on Economic Education's Web site at <<http://www.econisok.org>>.

■ Textbooks and Curriculum Materials

Finally, the Oklahoma State Textbook Committee adopted textbooks that contain substantive provisions on personal financial literacy during the 2008-09 adoption cycle. These materials will be available for district purchase. Textbook information is available on the committee's Web site at <<http://oktextbooks.state.ok.us>>. *For questions related to instructional materials contact:*

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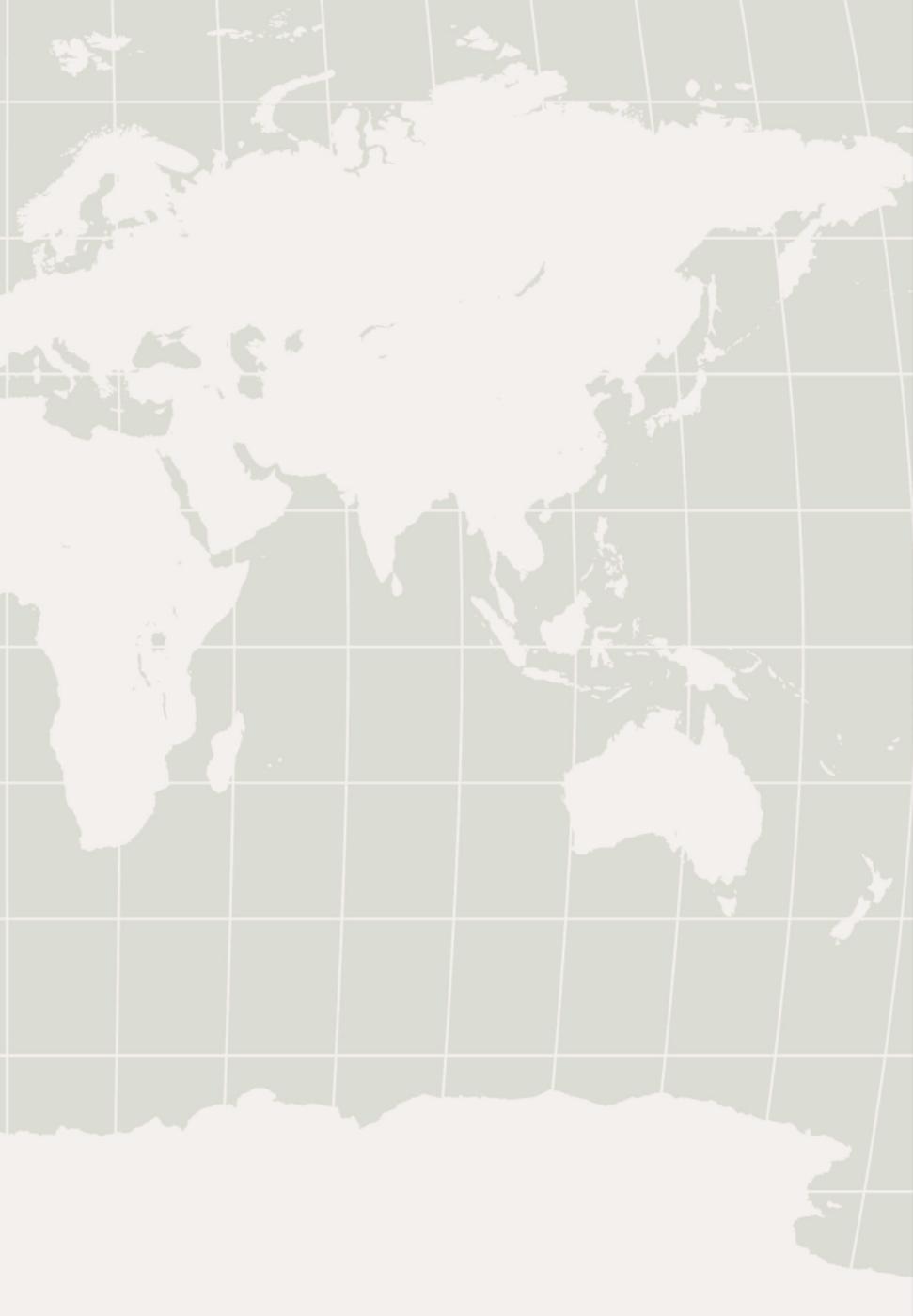
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