

# National Standards in K–12 Personal Finance Education

With Benchmarks, Knowledge Statements, and Glossary





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Special thanks to the Federal Reserve Board and its staff for the original design and layout of this booklet.



# Introduction

The National Standards in K–12 Personal Finance Education, created and maintained by the Jump\$tart Coalition® for Personal Financial Literacy, delineate the personal finance knowledge and skills that K–12 students should possess.

The Jump\$tart Coalition asserts that all young people graduating from our nation’s high schools 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

Many organizations have defined “personal finance” and “financial literacy.” The following, a distillation of the views of several sources, are the definitions underlying the National Standards.

**Personal finance** describes the principles and methods that individuals use to acquire and manage income and assets.

**Financial literacy** is the ability to use knowledge and skills to manage one’s financial resources effectively for lifetime financial security.

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.

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 finance. These graduates will be confident in their ability to find and use the information required to meet specific personal finance challenges as they arise. To this end, the National Standards in K–12 Personal Finance Education indicate the skills students must have to increase their personal finance knowledge continually as their responsibilities and opportunities change.

The Jump\$tart Coalition intends the National Standards in K–12 Personal Finance Education to serve as a model. As such, the National Standards represent the framework of an ideal personal finance curriculum, portions of which might not be appropriate for individual instructors and students. The Coalition leaves it up to various stakeholders to decide how to address the topics in the National Standards.

## Uses for the National Standards

The revised and updated National Standards in K–12 Personal Finance Education provide a program design and evaluation framework for school administrators, teachers, curriculum specialists, instructional materials developers, and educational policymakers. At each of the three benchmark grades—4th, 8th, and 12th—the expectations describe skills and knowledge each student should exhibit, not what should be taught in that grade. Individual students might have missed or not remember previous lessons. In those cases, teachers can refer to earlier expectations to identify areas of instruction on which to concentrate.

Among the practical uses for the personal finance standards and expectations are to:

- Suggest a range of content that students should know and be able to act on
- Provide guidelines for evaluating published educational materials
- Help to shape lesson plans, unit and course outlines, learning activities, textbooks, and other instructional materials
- Increase awareness of the need for personal finance in the nation’s schools

After reviewing the 29 personal finance standards, educators may select topics that are appropriate to the needs of diverse learners in specific settings. Educators can use the stan-

dards and expectations to design new personal finance units or courses, or to integrate concepts into existing courses. To help accomplish this, the Jump\$tart Coalition provides the following additional resources:

### **Personal Finance Clearinghouse**

The searchable, online Jump\$tart Clearinghouse ([www.jumpstartclearinghouse.org](http://www.jumpstartclearinghouse.org)) can help educators identify appropriate educational materials by several factors, including grade level, format, and content category.

### **National Best Practices Guidelines**

The Jump\$tart Best Practices Guidelines ([www.jumpstart.org/bp.cfm](http://www.jumpstart.org/bp.cfm)) can help educators evaluate and select existing instructional materials, help organizations improve programs that they already provide, and assist designers in creating effective new personal finance curricula.

The National Standards in K–12 Personal Finance Education complement state and local educational goals and standards. In states where personal finance is not yet part of the state’s K–12 educational objectives, the National Standards in K–12 Personal Finance Education can help convince policymakers to include personal finance in future state standards and student achievement tests and guide their creation.

# Organization of the Standards

The National Standards in K–12 Personal Finance Education describe the minimum requirements for functional financial literacy. They are organized as follows:

## **Standards**

The K–12 standards trace a path to a minimal level of competency upon completion of high school. They describe what personal finance instruction should enable students to know and do. The standards fall into six major categories of personal finance—Financial Responsibility and Decision Making; Income and Careers; Planning and Money Management; Credit and Debt; Risk Management and Insurance; and Saving and Investing. Each category focuses on an overall competency derived from the Jump\$tart Coalition’s definition of financial literacy.

## **Expectations**

The statements of expectation describe how students can apply knowledge to everyday financial decisions and actions at three points

in their consumer development—at grades 4, 8, and 12. The expectations reflect a progression of student learning in which increasing complexity builds on earlier knowledge. Educators will take into account that students learn at different rates because of a variety of learning styles, interests, and experiences outside the classroom.

## **Knowledge Statements**

These statements show relationships among the key concepts underlying the standards and expectations. They provide further guidance for publishers as they develop and revise curricula and for educators as they select classroom materials and plan lessons. Like the Glossary, the Knowledge Statements are not meant to be exhaustive.

## **Glossary**

The list of definitions is meant as an aid to understanding the Standards, Expectations, and Knowledge Statements. It includes only a sampling of key terms.

# The Standards

## Financial Responsibility and Decision Making

### Overall Competency

Apply reliable information and systematic decision making to personal financial decisions.

**Standard 1:** Take responsibility for personal financial decisions.

**Standard 2:** Find and evaluate financial information from a variety of sources.

**Standard 3:** Summarize major consumer protection laws.

**Standard 4:** Make financial decisions by systematically considering alternatives and consequences.

**Standard 5:** Develop communication strategies for discussing financial issues.

**Standard 6:** Control personal information.

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## Income and Careers

### Overall Competency

Use a career plan to develop personal income potential.

**Standard 1:** Explore career options.

**Standard 2:** Identify sources of personal income.

**Standard 3:** Describe factors affecting take-home pay.

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## Planning and Money Management

### Overall Competency

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

**Standard 1:** Develop a plan for spending and saving.

**Standard 2:** Develop a system for keeping and using financial records.

**Standard 3:** Describe how to use different payment methods.

**Standard 4:** Apply consumer skills to purchase decisions.

**Standard 5:** Consider charitable giving.

**Standard 6:** Develop a personal financial plan.

**Standard 7:** Examine the purpose and importance of a will.

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## Credit and Debt

### Overall Competency

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

**Standard 1:** Identify the costs and benefits of various types of credit.

**Standard 2:** Explain the purpose of a credit record and identify borrowers' credit report rights.

**Standard 3:** Describe ways to avoid or correct debt problems.

**Standard 4:** Summarize major consumer credit laws.

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## Risk Management and Insurance

### Overall Competency

Use appropriate and cost-effective risk management strategies.

**Standard 1:** Identify common types of risks and basic risk management methods.

**Standard 2:** Explain the purpose and importance of property and liability insurance protection.

**Standard 3:** Explain the purpose and importance of health, disability, and life insurance protection.

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## Saving and Investing

### Overall Competency

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

**Standard 1:** Discuss how saving contributes to financial well-being.

**Standard 2:** Explain how investing builds wealth and helps meet financial goals.

**Standard 3:** Evaluate investment alternatives.

**Standard 4:** Describe how to buy and sell investments.

**Standard 5:** Explain how taxes affect the rate of return on investments.

**Standard 6:** Investigate how agencies that regulate financial markets protect investors.

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## How the National Standards Evolved

In 1998, the Jump\$tart Coalition for Personal Financial Literacy issued its first Personal Finance Guidelines and Benchmarks. A group of 20 professionals representing a broad range of education, government, and financial service organizations developed these original guidelines.

In 2001, and again in 2006, the Jump\$tart Coalition board authorized the formation of a task force to revise and update the National Standards in K–12 Personal Finance Education. Members of the 2006 standards revision task force included:

- Rosella Bannister, Jump\$tart Personal Finance Clearinghouse, Ann Arbor, Michigan
- Les Dlabay, Lake Forest College, Lake Forest, Illinois
- Vickie Hampton, Texas Tech University, Lubbock, Texas
- Philip Heckman, Credit Union National Association, Madison, Wisconsin (Committee Chair)
- Claudia Kerbel, University of Rhode Island, Kingston, Rhode Island

- Nancy Lang, Northern Kentucky University, Highland Heights, Kentucky
- Jacqueline Ward, Wisconsin Women’s Business Initiative Corporation, Milwaukee, Wisconsin

Before and after the 2006 task force completed major revisions, a select group (identified on page 44) of business and finance industry professionals and educators—which included classroom teachers representing business education, family and consumer science, and economics in the social studies—reviewed the standards for academic integrity, as well as practical applications. Reviewers’ suggestions led to substantial improvements.

Identifying standards and expectations is not an easy task, nor is it ever completely finished. The Jump\$tart Coalition for Personal Financial Literacy considers this to be a living document, one that it will continue to modify and expand to meet the changing needs of personal finance teachers and students.

# The Jump\$tart Coalition and Its Mission

Jump\$tart Coalition for Personal Financial Literacy consists of 180 organizations and 47 affiliated state coalitions dedicated to improving the financial literacy of youth from kindergarten through college age by providing advocacy, research, standards, and educational resources. Jump\$tart strives to prepare youth for lifelong successful financial decision making.

# Financial Responsibility and Decision Making

## Overall Competency

Apply reliable information and systematic decision making to personal financial decisions.

### Standard 1

Take responsibility for personal financial decisions.

4th Grade Expectations	8th Grade Additional Expectations	12th Grade Additional Expectations
<p>4th grade student can:</p> <p>List examples of financial decisions and their possible consequences.</p> <p>Identify ways to be a financially responsible youth.</p>	<p>8th grade student can:</p> <p>Identify ways to be a financially responsible young adult.</p> <p>Give examples of the benefits of financial responsibility and the costs of financial irresponsibility.</p>	<p>High school graduate can:</p> <p>Explain how individuals demonstrate responsibility for financial well-being over a lifetime.</p> <p>Analyze how financial responsibility is different for individuals with and without dependents.</p> <p>Given a scenario, discuss ethical considerations of various personal finance decisions.</p>
<p>4th grade student can:</p> <p>Give examples of situations in which financial information would lead to better decisions.</p> <p>Identify sources of financial information.</p>	<p>8th grade student can:</p> <p>Analyze and evaluate advertising claims.</p> <p>Identify online and printed sources of product information and list the strengths and weaknesses of each.</p>	<p>High school graduate can:</p> <p>Determine whether financial information is objective, accurate, and current.</p> <p>Investigate current types of consumer fraud, including online scams.</p> <p>Given a scenario, identify relevant financial information needed to make a decision.</p> <p>List factors to consider when selecting a financial planning/counseling professional and legal/tax adviser.</p>

### Standard 2

Find and evaluate financial information from a variety of sources.

4th Grade Expectations	8th Grade Additional Expectations	12th Grade Additional Expectations	Financial Responsibility and Decision Making
<p>4th grade student can:</p> <p>Compare product return policies at local retail stores.</p>	<p>8th grade student can:</p> <p>Research the primary consumer protection agency in the state of residence.</p> <p>Give examples of unfair or deceptive business practices that consumer protection laws forbid.</p> <p>Given a scenario, explain steps in resolving a consumer complaint.</p>	<p>High school graduate can:</p> <p>Match consumer protection laws to descriptions of the issues that they address and the safeguards that they provide.</p> <p>Research online and printed sources of up-to-date information about consumer rights.</p> <p>Given a scenario, write a complaint letter that states the problem, asks for specific action, includes copies of related documents, and provides contact information.</p>	<p><b>Standard 3</b></p> <p>Summarize major consumer protection laws.</p>
<p>4th grade student can:</p> <p>Explain how limited personal financial resources affect the choices people make.</p> <p>Rank personal wants/needs in order of importance.</p> <p>Set measurable short-term financial goals.</p> <p>Outline the steps in systematically evaluating alternatives and making a decision.</p> <p>Apply systematic decision making to a short-term goal.</p>	<p>8th grade student can:</p> <p>Set measurable short- and medium-term financial goals.</p> <p>Prioritize personal financial goals.</p> <p>Evaluate the results of a financial decision.</p> <p>Use a financial or online calculator to determine the cost of achieving a medium-term goal.</p> <p>Apply systematic decision making to a medium-term goal.</p>	<p>High school graduate can:</p> <p>Set measurable short-, medium-, and long-term financial goals.</p> <p>Use a financial or online calculator to determine the cost of achieving a long-term goal.</p> <p>Apply systematic decision making to a long-term goal.</p> <p>Analyze how inflation affects financial decisions.</p> <p>Analyze how taxes affect financial decisions.</p> <p>Give examples of how decisions made today can affect future opportunities.</p>	<p><b>Standard 4</b></p> <p>Make financial decisions by systematically considering alternatives and consequences.</p>

## Financial Responsibility and Decision Making

### Standard 5

Develop communication strategies for discussing financial issues.

#### 4th Grade

Expectations

4th grade student can:

Give examples of how members of previous generations spent money as children.

Analyze the values and attitudes of members of previous generations from their personal stories about money.

#### 8th Grade

Additional Expectations

8th grade student can:

Explain how discussing important financial matters with household members can help reduce conflict.

Identify differences among peers' values and attitudes about money.

#### 12th Grade

Additional Expectations

High school graduate can:

Explain the value of discussing individual and shared financial responsibilities with a roommate before moving in.

Discuss the pros and cons of sharing financial goals and personal finance information with a partner before combining households.

Give examples of contracts between individuals and between individuals and businesses, and identify each party's basic responsibilities.

### Standard 6

Control personal information.

4th grade student can:

List types of personal information that should not be disclosed to others and the possible consequences of doing so.

8th grade student can:

List actions an individual can take to protect personal identity.

Describe problems that occur when one is the victim of identity theft.

Identify ways that thieves can fraudulently obtain personal information.

High school graduate can:

List entities that have a right to obtain individual Social Security numbers.

Recommend actions a victim of identity theft should take to restore personal security.

# Income and Careers

## Overall Competency

Use a career plan to develop personal income potential.

4th Grade Expectations	8th Grade Additional Expectations	12th Grade Additional Expectations
<p>4th grade student can:</p> <p>Explain the difference between a career and a job and identify various jobs in the community.</p> <p>Give an example of how an individual's interests, knowledge, and abilities can affect career and job choice.</p> <p>Identify a topic of personal interest and research a career related to that topic of interest.</p> <p>Examine a job related to a career of interest.</p> <p>Give examples of entrepreneurs in the community.</p>	<p>8th grade student can:</p> <p>Give an example of how education and/or training can affect lifetime income.</p> <p>Identify online and printed sources of information about jobs, careers, and entrepreneurship.</p> <p>Compare personal skills and interests to various career options.</p> <p>Describe the educational/training requirements, income potential, and primary duties of at least two jobs of interest.</p> <p>Identify individuals who could provide a positive job reference.</p> <p>Complete an age-appropriate, part-time job application, including references.</p>	<p>High school graduate can:</p> <p>Describe the risks, costs, and rewards of starting a business.</p> <p>Outline the main components of a business plan.</p> <p>Analyze how economic, social-cultural, and political conditions can affect income and career potential.</p> <p>Identify a career goal and develop a plan and timetable for achieving it, including educational/training requirements, costs, and possible debt.</p>

## Standard 1

Explore career options.

## Income and Careers

**Standard 2**

Identify sources of personal income.

**4th Grade**

Expectations

4th grade student can:

Explain the difference between a wage and a salary.

Identify jobs children can do to earn money.

Give examples of sources of income other than a wage or salary.

**8th Grade**

Additional Expectations

8th grade student can:

Define gift, rent, interest, dividend, capital gain, tip, commission, and business profit income.

Explain the difference between earned and unearned income and give an example of each.

Give an example of a government transfer payment.

Describe how a local government assistance program can benefit people in the community.

**12th Grade**

Additional Expectations

High school graduate can:

Explain the effect of inflation on income.

Use a financial or online calculator to determine the future income needed to maintain a current standard of living.

**Standard 3**

Describe factors affecting take-home pay.

4th grade student can:

Define tax and explain the difference between sales and income taxes.

Give an example of how government uses tax revenues.

8th grade student can:

Explain all items commonly withheld from gross pay.

Give examples of employee benefits and explain why they are forms of compensation.

Explain the difference between Social Security and Medicare programs.

High school graduate can:

Explain the effect on take-home pay of changing the allowances claimed on an "Employee's Withholding Allowance Certificate" (IRS form W-4).

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.

Complete "Income Tax Return for Single and Joint Filers with No Dependents" (IRS form 1040EZ) and comparable state income tax form.

Examine the benefits of employer-sponsored savings plans and other options for shifting current income to the future.

# Planning and Money Management

## Overall Competency

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

4th Grade Expectations	8th Grade Additional Expectations	12th Grade Additional Expectations
<p>4th grade student can:</p> <p>Give examples of household expense categories and sources of income.</p> <p>Describe how to allocate a weekly allowance among the financial goals of spending, saving, and sharing.</p>	<p>8th grade student can:</p> <p>Prepare a personal spending diary.</p> <p>Calculate the sales tax for a given purchase.</p> <p>Discuss the components of a personal budget, including income, planned saving, taxes, and fixed and variable expenses.</p> <p>Given a household case study, calculate percentages for major expense categories.</p>	<p>High school graduate can:</p> <p>Explain how to use a budget to manage spending and achieve financial goals.</p> <p>Identify changes in personal spending behavior that contribute to wealth-building.</p> <p>Given a scenario, design a personal budget for a young person living alone.</p> <p>Analyze how changes in circumstances can affect a personal budget.</p>
<p>4th grade student can:</p> <p>Prepare a personal property inventory, including locations and estimates of value.</p>	<p>8th grade student can:</p> <p>Set up a file system for household product information and warranties and financial documents such as receipts and account statements.</p>	<p>High school graduate can:</p> <p>Develop a filing system for keeping financial records, both paper and electronic.</p> <p>Describe recordkeeping features that financial institutions provide for online account management.</p>

### Standard 1

Develop a plan for spending and saving.

### Standard 2

Develop a system for keeping and using financial records.

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