

Personal Finance: The Second Unit and Most Useful Unit of ECON!

SSEPF1

The student will apply rational decision making to personal spending and saving choices.

SSEPF1.a

Use a rational decision making model to evaluate the cost and benefits of post-high school life choices

What are you going to do after high school?

LT: Personal Spending & Life Choices

I can use a rational decision making model to evaluate post-high school choices:

1. _____
2. > _____
3. _____
4. _____
5. _____
6. _____

Positive incentives – _____

Negative incentives – _____

“Human Nature Effect”

If something is good for us, _____

If something is not good for us, _____

Rational Decisions: occur

_____ Or _____

Always consider the _____

SSEPF1.b

Create a savings or financial investment plan for a future goal

LT: Budget

I can create a budget for a future goal

Why Savings? _____

SSEPF6

– The student will describe how the earning of workers are determined in the marketplace

SSEF6.a

Identify skills that are required to be successful in the workplace, including

6.b

Explore job and career options and explain the significance of investment in education, training and skill development as it relates to future earnings.

SSEF5

Describe how insurance and other risk-management strategies protect against financial loss

SSEPF5.a

List various types of insurance such as automobile, health, life, disability, and property.

SSEPF5.b

Explain the costs and benefits associated with different types of insurance, including deductibles, premiums, Shared liability and asset protection

LT: Various Types of Insurance

List and describe various types of insurance

Insurance

Automobile

Collision Coverage

Liability Coverage

Health Insurance

Disability –

Property –

Life –

(Term) or (Life)

Beneficiary

LT: Cost of Insurance

Insurance Policy

All Policies have Premiums

Coverage Limits

Deductible

Claim

Shared Liability

- The insurance company assumes a pre-determined amount of financial liability for a claim that the insured might file. The insurance company is obligated to pay for the loss since the customer has paid premiums for the financial protection.

Interest-

Investments-

When you make a financial plan,

Short terms goals such as: <Senior Trip/PC Spring Break>

Asset Protection (sometimes also referred to as debtor-creditor law)

SSEPF2

The student will explain that banks and other financial institutions are businesses that channel funds from savers to investors.

SSEPF2.a

Compare Services offered by different financial institutions: Banks, credit unions, payday lenders, title Pawn lenders

LT: Financial Institutions

I can compare services of banks, credit unions, payday lenders and Title Pawn lenders

Types of Financial Services: _____

Secured debt _____

Bank: _____

Banks for Profit: _____

How do banks make money? _____

Difference between **INTEREST PAID** vs. **INTEREST EARNED** _____

How do banks make money? _____

Other money makers include o _____

Annual percentage Rate (APR) – _____

Credit Union _____

They offer checking and s _____

Remember:

Banks: Offer the widest variety of services

Owned by a private company

Credit Union

Owned by _____

Usually must be a member _____

Typically more “personal” _____

Banks have “customers”, CU’s have MEMBERS

Pay Day Lenders:

Title Pawn Lender:

SSEPF2.b.b

Explain reasons for the spread between interest charged and interest earned.

Interest:

-Money charged when money is borrowed (_____)

OR

Money earned when it is placed in a financial institution (_____)

SSEPF2.c

Give examples of the direct relationship between risk and return.

RISK - _____

Risk and return have a positive relationship

The higher the risk, _____

SSEPF2.d

Evaluate a variety of savings and investment options; including stocks, Saving accounts, CD, Retirement accounts, bonds, and mutual funds.

CD: Certificate of Deposit: _____

50,000 x 7%= _____ the amount a person will earn at the end of the year.

Saving Account:

Bonds: lending money to a business or government with a promise of higher returns than those

Offered by a bank savings or CD's. _____

Retirement Accounts

401k-

Roth IRA-

MyRA-

Stocks-

Dividends:

Mutual Funds:

Risk/Return Spectrum

SSEPF3 –

Explain how changes in taxation can have an impact on an individual's spending and saving choices

SSEPF3.a

Define progressive, regressive, and proportional taxes.

Progressive Tax :

Regressive Tax-

Excise tax-

Luxury tax-

Property tax-

Proportional Tax

Flat tax

SSEPF3.c

Explain how an increase in sales tax affects different income groups

How does Sales Tax affect incomes?

SSEPF3.c

Explain the impact of property taxes on individuals and communities

Property Taxes

Gentrification-

Ssepf 4

The student will evaluate the costs and benefits of using credit

SSEPF4.a

List factors that affect credit worthiness and the ability to receive favorable interest rates including character (Credit score), collateral, and capacity to pay

Credit

Creditworthy

Credit History

How well have you managed your bills and credit in the past?

Did You KNOW?

Your credit history follows you for your whole life?

Do you have Collateral?

Fixed expenses-

Variable expenses-

Different Types of Credit Card Companies:

Payments Forms:

Rollover –

Pay-off –
Installment Plan

Best Ways to improve Credit Scores:

Factors in Credit:

SSEPF4.b

Compare interest rates on loans and credit cards from different institutions

Interest

Annual Rate:

Fixed Interest Rate

Variable Interest Rate

SSEPF4.c

Explain the difference between simple and compound interest rates as well as fixed and variable interest rates

Simple Interest

Annual Fee

Compound Interest

Simple vs. *Compound* Interest

Simple interest:

Compound interest:

In other words.....

At the end of month you are charged the Principle, plus the interest, on top of the interest you earned last month on your credit card.