Financial Literacy: Mastering Money Matters for High School Educators

Standards 4-6 Recap & Discussion

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Agenda

1) <u>Recap Standards 4-6</u>

2) <u>Guided Peer Discussion in Breakout Rooms</u>

How do I currently teach this standard/concepts? Reflect & Share.

How can I make this topic meaningful for my students?

Discuss relevant ideas and future lesson brainstorming.

Standard #4 Recap

Key Takeaways:

- 1) Basics of Stocks, Bonds, and Mutual Funds
- 2) Risk vs. Return
- 3) Classroom Integration: Stock market simulations and investment portfolio projects

Mutual Fund

[ˈmyü-chə-wəl ˈfənd]

A managed fund that pools money from shareholders to invest in securities.

Calculating Investments Answers

Mia Saver			Rate of Return	Ima Spender		
Age	Total invested to date	Accumulated Balance	7%	Age	Total invested to date	Accumulated Balance
Age 25	$0.00	0		Age 25	$0.00	0
Age 35	$24,000.00	$34,404		Age 35	$0.00	0
Age 45	$24,000.00	$67.678		Age 45	$24,000.00	$34,404
Age 55	$24,000.00	$133,133		Age 55	$48,000.00	$102.082
Age 65	$24,000.00	$261,893		Age 65	$72,000.00	$235,215

Breakout Room #1:
Investing Discussion

Standard #5 Recap

Key Takeaways:

- 1) Understanding Credit Scores and Reports
- 2) Principles of Responsible Borrowing
- 3) Classroom Integration: Credit scenario analyses and debt management role-plays

Three C's of Credit

- Character
  - Honesty to pay a debt when it is due.
  - How past debt obligations were handled
- Capacity
  - Refers to a person's ability to pay a debt when it is due
- Capital
  - Current available assets that could be used to repay debt if income was to become unavailable

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You're never too young to learn about money

Information used to calculate a credit score

- 35% Payment history
- 30% Managing your debt
- 15% Length of credit history
- 10% Diversity of accounts
- 10% Number of credit applications

Breakout Room #2:
Managing Credit Discussion

Standard #6 Recap

Key Takeaways:

- 1) Principles of Insurance and Risk Management
- 2) Evaluating and Managing Personal Risk
- 3) Classroom Integration: Risk assessment activities and insurance policy evaluations

CEE

		Mishap Severity			
		Catastrophic	Critical	Marginal	Negligible
Probability of Mishap Occurring	Frequent				
	Probable	HIGH RISK			
	Occasional		MEDIUM RISK		
	Remote			LOW RISK	
	Improbable				NEGLIGIBLE RISK

Procedure

Warm-Up

Before the game begins, review some important terms with the students. Write the questions below on the board. Pose and discuss the following questions:

1. How do insurance companies come up with the money to pay for fixing the damage of an auto accident?
2. What kinds of drivers are the least likely to require big payouts by insurers?
3. What kinds of drivers are the most likely to require big payouts by insurers?
4. Why would an insurance company like drivers with higher credit scores?

Answers

1. From selling insurance; that is, charging premiums.
2. Least likely, those responsible drivers of practical vehicles.
3. Most likely, irresponsible drivers who do not obey the law.
4. They are more likely to pay their bills on time, and possibly more responsible drivers. Someone's credit score is a number between 300 and 850 that indicates a borrower's ability to repay a loan. Higher numbers are better.

Breakout Room #3: Managing Risk Discussion

National Standards

[The National Standards for Personal Financial Education (2021)]

The National Standards for Personal Financial Education is organized around six topics, with Standards and Learning Outcomes expected by the end of the 4th, 8th, and 12th grades.

The Topics are:

I. Earning Income

II. Spending

III. Saving

IV. Investing

V. Managing Credit

VI. Managing Risk

References

- Additional MCEE **K-12** Resources: z.umn.edu/TeacherResources
- Council for Economic Education (National):
    - EconEdLink

Recap…

- 3/19: Standard #1 (4-5 CT)
- 3/21: Standard #2 (4-5 CT)
- 4/9: Standard #3 (4-5 CT)
- 4/11: Standards #1-3 Recap and Breakout Rooms (4-5 CT)
- 4/16 Standard #4 (4-5 CT)
- 4/23 Standard #5 (4-5 CT)
- 4/25: Standard #6 (4-5 CT)
- 4/30: Standards #4-6 Recap and Breakout Rooms (4-5 CT)

Large Group Debrief

What we know/do?
What we want to investigate further?

Thank You

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Currently, only 24 states require personal finance education courses in the United States. Research indicates that a quality financial education leads to improved future credit scores, declines in payday lending, student loan payment increases, student borrowing shifting to lower cost options, and overall financial well-being!

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State Level Action: State-level action that guarantees equitable access for every student to a robust, high-quality personal finance course;

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Measurement: A mechanism for measuring access to courses on personal fi equitable reach of state requirements.

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