

Personal Finance

Course Description

Through the Personal Finance course, students learn the underlying concepts needed to take personal responsibility for their financial future. Students develop an understanding of financial position and potential, and they develop an appreciation for the power of compounding and the need to begin their financial journey as soon as possible.

Students are actively engaged in a simulated investment program from the start of the course. They are given \$100,000 in an investment account with the goal of creating long-term wealth. From that point forward, students manage their simulated investment account and purchase individual stocks, ETFs, and other investment instruments to achieve their goal. Ongoing reflection and feedback helps students to understand risk and reward as well as the long term (lifelong) implications of investing. As the course progresses, students learn the necessary components of personal finance such as: creating a financial plan, managing liquidity, personal financing, wealth protection and retirement planning.

In alignment with the *Portrait of the Crusader*, this course emphasizes the importance of being responsible for your own financial well-being and the value and reward of personal giving through time and treasure.

Essential Questions

- Why does a young adult need to know personal finance strategies?
- What are my needs and wants? How does my value system impact my financial habits?
- What opportunities do I have to build wealth in the United States?
- What opportunities should I take as soon as possible to begin saving?
- Can I be wealthy and still be a good person?
- Why is personal finance considered the fourth leg of the stool?

Course Curriculum

Unit 1: Developing a Mindset for Savings (Quarter 1)

In this unit, students learn the power of saving often and saving early, and they explore the impacts of purposefully managing their finances through all stages of life. A special emphasis is placed on the power of compounding as it relates to saving, investing, and financial growth. They learn the concept of “pay yourself first,” and they research men and women who applied the principles of savings and proactive management to become financially independent.

Focus Questions:

- How much do I need to begin a savings account?
- Why is it important to save and invest early?
- How does compounding work?
- What does it mean to pay yourself first?
- What is the difference between gross income and net income?
- How much of my paycheck should I invest?

Concepts/Skills and Formative Assessments:

- Investigate how to open a savings account and the importance of keeping personal information secure.
- Contrast simple and compound interest.
- Explain the concept of compounding and compute typical compounding examples.
- Research and report on individuals who applied the concepts of saving early and often.
- Investigate the 50/30/20 rule of budgeting and saving.

Unit 2 - Investing (Quarter 2)

In this unit, students learn the basics of investing, investment strategies, and risk tolerance. They are actively engaged in a simulated investment program where they purchase individual stocks, ETFs, and other investment instruments to achieve short and long-term financial goals. Students learn and use accurate terminology to discuss investments and active management of portfolios. They experience failures and successes and learn the importance of active, informed involvement.

Focus Questions:

- What are the common types of investments?
- What are basic investment strategies?
- What is an investment portfolio and how can I manage my own?
- How do I know when to move my money?
- How much risk should I take?

Concepts/Skills:

- Define common types of investments: stocks, bonds, mutual funds, ETFs, bank products.
- Research the various types of investment services.
- Compare and contrast the four common investment strategies: value, growth, momentum, and dollar-cost averaging.
- Investigate expert opinions on how to know when to move investment dollars. Share information with the class.
- Independently research information on Investopedia and other credible websites to expand knowledge.
- Reflect on current income, expenses, short and long-term goals and determine risk tolerance.

Summative Assessments:

- Participation in the simulated investment program and regular conference with the teacher to discuss investment choices, rationale and outcomes.

Unit 3 - Personal Financial Planning (Quarter 3)

In this unit, students learn about the complex world of managing their financial lives, including gross versus net income, budgeting monthly expenses, credit card debt, loan payments, and savings. They will develop personal cash flow statements and personal balance sheets. Most importantly, they will learn how credit card and loan debt can grow quickly, affecting credit score and the ability to secure future loans.

Focus Questions:

- What are the essential living expenses? What other living expenses do I want/need?
- What is the difference between my gross and net income each week/year?
- How much of my earnings from each paycheck go to taxes?
- How do I pay federal and state taxes each year?
- How do I compute the interest I will pay for a car loan? A student loan? A mortgage?
- What is the cost of using credit cards?
- What is a credit score and why does it matter?
- What career do I want? How much will education cost?

Content/Skills

- Determine essential and added living expenses.
- Research the cost of the following items in or around Waterbury, CT: apartment rental, average home purchase, mid-range new car, gas and yearly car maintenance, basic utilities, WiFi, cell phone and yearly plan, groceries for two people each week, recreation, clothing. (Pairs of students can research one component and the class can compile a list.)
- Interpret sample paychecks. Given the gross income, compute the amount owed for social security/medicare; federal and state taxes.
- Explain the requirements for filing federal and state income tax forms.
- Compute the interest charges on specific loans (student, car, mortgage, credit card debt).
- Using an on-line resource, determine a mortgage amortization schedule and the impact of extra principal payments.
- Research the entry-level salary in CT for selected careers and the cost of related education for tuition and board at an in-state school.

Summative Assessments:

- Cash flow statement and personal balance sheet
- Research and presentation

Unit 4: Real-World Application (Quarter 4)

In the final unit of the course, students will work on a culminating project that requires them to apply the concepts and skills learned in the course. Students will assume the persona of an adult working in a specific career in CT. Students will project where they will be at age thirty and plan forward from that point. The goal will be to take the salary for an adult working in the selected career for five years and manage yearly expenses while wealth building through retirement. Use of a wealth model will be used to check reasonableness or likelihood of their outlook.

Focus Questions:

- What are my projected livelihood earnings?
- What are investment strategies to build wealth through retirement?
- What are my hard assets? What assets do I need to acquire for myself and my family?
- What are my goals for providing for my child?
- What day-to-day lifestyle considerations are non-negotiable?

Content/Skills:

- Apply the skills learned in units one, two and three.
- Demonstrate independence and perseverance in solving problems effectively

Summative Assessment:

- Wealth Building Project

Resources

- *Personal Finance, Jeff Madura seventh Edition*
- www.Investopedia.com

Grading Policy

Tests and Quizzes	60%
Research Projects	20%
Homework, classwork, participation	20%