

Financial Prep101:

Simple Tips for the Next Generation

Teacher Lesson Guide/Activity Answers

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OVERVIEW & PURPOSE

In 2008 President George Bush signed an Executive Order 13455, creating the 16-member President's Advisory Council on Financial Literacy, here are the objectives ...

- "The Council asserts that any individual completing a comprehensive financial literacy program should have an understanding of the following skills and concepts:
 - the capital market system and financial institutions;
 - the participant's household cash flow situation, and how to develop and maintain positive cash flow;
 - how to develop a spending plan that is consistent with their resources and priorities;
 - the reasons for having an emergency fund and how to establish an emergency fund;
 - the fundamentals of credit granting, including how to evaluate, select, and manage credit, and how to maintain a good credit rating;
 - the process of deciding when to rent and when to buy a home, and the process of home ownership;
 - the process of identifying various financial risks, including development of a risk management strategy to decide which risks they should take on and which should be transferred to an insurance provider;
 - how to identify and protect themselves from identity theft and various financial frauds, and what to know and do if they think they have been victimized;
 - basic investment products, the relationship between risk and return, and the what, when and why of choosing the best investments at the right time in their life;
 - how to evaluate and take advantage of employee benefits and tax-advantaged savings accounts;
 - the various components of retirement planning, and how to develop an appropriate plan for a secure retirement; and
 - how to develop a plan to assure financial security in the case of unexpected loss of income (disability or death) for those who depend on their earning power, and to assure the smooth transfer of assets to appropriate heirs." (Department of the Treasury)

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

FINANCIAL RESPONSIBILITY AND DECISION MAKING

"OVERALL COMPETENCE: APPLY RELIABLE INFORMATION AND SYSTEMATIC DECISION MAKING TO PERSONAL FINANCIAL DECISIONS.

1. SPENDING AND SAVING: APPLY STRATEGIES TO MONITOR INCOME AND EXPENSES, PLAN FOR SPENDING AND SAVE FOR FUTURE GOALS.
2. CREDIT AND DEBT: DEVELOP STRATEGIES TO CONTROL AND MANAGE CREDIT AND DEBT.
3. EMPLOYMENT AND INCOME: USE A CAREER PLAN TO DEVELOP PERSONAL INCOME POTENTIAL.
4. INVESTING: IMPLEMENT A DIVERSIFIED INVESTMENT STRATEGY THAT IS COMPATIBLE WITH PERSONAL FINANCIAL GOALS.
5. RISK MANAGEMENT AND INSURANCE: APPLY APPROPRIATE AND COST-EFFECTIVE RISK MANAGEMENT STRATEGIES.
6. FINANCIAL DECISION MAKING: APPLY RELIABLE INFORMATION AND SYSTEMATIC DECISION MAKING TO PERSONAL FINANCIAL DECISIONS."

Introduction/Day 1	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Introduction to financial literacy concepts Importance and function of “Trusted Advisors”		Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Review the “comprehensive financial literacy skills and concepts” in the BACKGROUND section of the Introduction (pg ix)	Read “Tell Me A Story” in class – through pg 11	
Verification (Steps to check for student understanding)	Group discussions (see activities/discussion points)	Activity: Groups – record answers to questions posed Provide personal experience with ‘Trusted Advisor’	Other Resources (e.g. Web, books, etc.)
Activity (Describe the independent activity to reinforce this lesson)	Probe: What comes to mind when you think about the concept of Financial Literacy? How prepared to you think we are as a society to face financial challenges? What do you know about how our US economy works? How do you perceive your family works with money? Who would you classify as a ‘Trusted Advisor?’	<ul style="list-style-type: none"> • Money matters • Economic cycle • Free trade system • Stock market • Foreign markets • Debt/deficit • Local community issues • Banking system • Regulations for financial matters • Trusted Advisors list 	
Summary	Review of Financial Literacy concepts Personal examples make information relevant	Homework: Assign Reading Research pg 14 websites if computers are available Activities/Discussion points as assigned	Additional Notes

FINANCIAL PREP 101: Simple Tips for the Next Generation

After completing Chapter 1, you should be able to:

- a. Identify the six financial literacy competency areas outlined by *Jump\$tart Coalition® National Standards in K-12 Personal Finance Education*.
- b. Articulate and demonstrate your understanding of the advantages of constructing a budget.
 - Explain a strategy for creating a budget.
 - Create both a short-term and long-term budget.
- c. Describe the differences between a savings and a checking account; the relevance for each.
- d. Identify the differences between a credit and debit card, provide examples for how you will use each type of card.
- e. Understand the different taxes imposed on your income; discuss how those taxes impact your 'net income.
- f. Recognize the differences in various payment methods, i.e.: checks. Credit/debit cards, etc.
- g. Consider what the costs associated with attending college might be; describe your plan for saving for college.

Education Standards Addressed

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

SPENDING AND SAVING

“APPLY STRATEGIES TO MONITOR INCOME AND EXPENSES, PLAN FOR SPENDING AND SAVE FOR FUTURE GOALS.

- ✓ 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 SPENDING AND SAVING DECISIONS.”

Day 2	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	the 6 Jump\$tar Financial Literacy Competency areas on pg 16	Read pgs on Budgeting (pg 17 start)	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Exposure to Chapter Learning Objectives Review the 6 Jump\$tar Financial Literacy Competency areas on pg 16 Discuss reading	Activity: Groups – record a personal experience (use examples given) and share with group	
Verification (Steps to check for student understanding)	Group discussions (see activities/Discussion points)		Other Resources (e.g. Web, books, etc.) See pgs 55-56
Activity (Describe the independent activity to reinforce this lesson)		List out examples of how a lack of financial literacy impacts individuals Review activity/Discussion points	
Summary	Introduction to the 6 Jump\$tar Personal examples make information relevant	Homework: Visit two of the websites noted on pg 14 /record some new information to share Read pgs assigned Work on Budget Activity pg 24-25 Activities/Discussion points as assigned	Additional Notes

Day 3	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	the 6 JumpStart Financial Literacy Competency areas on pg 16 Develop a budget, and identify how to set up a budget	Presentation of material - homework – Budget activities/Discussion points	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Read LIFE Stories Discuss reading	Activity: Groups – record a personal interpretation of each of the 6 JS standards –share Homework – Read pgs– assign activity for weekend	
Verification (Steps to check for student understanding)	Group discussions – activity pg 21 Sharing of information regarding personal budgets developed	Read pgs assigned in class and discuss Saving percentages activity pg 32	Other Resources (e.g. Web, books, etc.) See pgs 55-56 and websites at the back of the book
Activity (Describe the independent activity to reinforce this lesson)	Have each student (or group) prepare a list of items they can identify that would be in a budget, estimate expenses for each category Use the 5 steps on pg 26-29 and have students make their own list to share	See budget references in “sources”	
Summary	Review 6 JumpStart Financial Literacy Competency areas on pg 16 Review completed budgets Personal examples make information relevant	Homework: Complete activity assigned Work on/complete their personal budget Read pgs assigned Activities/Discussion points as assigned	Additional Notes

Day 4	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Keeping Track of your Money pg 34-39 Introduction to Savings/ and Checking Account--Credit/Debit card features	Review homework activity	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Discuss reading on pgs 34 Discussion of 'longer-term' savings items Savings/Checking account features Debit/Credit card features	Activity: Groups – record a personal interpretation of what they believe people save for... strategies they may employ; and realistic vs. unrealistic goals; stumbling blocks encountered	
Verification (Steps to check for student understanding)	Group discussions - why is savings important – provide examples of savings budgets (exhibit A or others)		Other Resources (e.g. Web, books, etc.) See pgs 55-56
Activity (Describe the independent activity to reinforce this lesson)	Have groups develop a grid showing differences and similarities between checking/savings accounts Review pg 38 questions	Can students relate a credit card experience?	
Summary	Personal examples make information relevant – share several examples of experiences (yours or others you know)	Homework: Read assigned TAX pgs 40-42 with activity Read pgs 43-49 – Activity on pg 46 Activities/Discussion points as assigned	Additional Notes

Day 5	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Plan for Taxes pg 40-42 Introduction to Taxes – FICA/Income – How to calculate a tip College pg 46-49 Explore 3 different types of College Savings Plans	Review homework Classwork: As assigned – see activities/ Discussion points	
Information (Give and/or demonstrate necessary information)	Discuss reading on pgs 40-42 Discussion of FICA and INCOME taxes – how they impact disposable income and ‘saving’ Discuss how to calculate a ‘tip’ (pg 42) Explore cost of going to college	Activity: Groups – record a personal interpretation of what they believe college might cost - complete activity/Discussion points assigned	
Verification (Steps to check for student understanding)	Group discussions - Probe --what do you know about income taxes... takes that are shown on your income stub? provide examples of an income stub to each group to review (several) Who has calculated a ‘tip’?		Other Resources (e.g. Web, books, etc.) See pgs 53-56
Activity (Describe the independent activity to reinforce this lesson)	Have groups demonstrate how to calculate a tip at a restaurant (pg 42) Review the list on pg 44 Develop a comparison grid for the 3 types of College Savings plans (pg 47)	Can students relate a tax/or tipping experience? Do students report any college cost/savings experiences	
Summary	Personal examples make information relevant – share a personal college cost experience IN CLASS READING: pgs 58-68 Review Chapter 1 Check for Understanding activities	Homework: Read pgs as assigned and complete Activities/Discussion points as assigned	Additional Notes

Chapter 1 Check for Understanding

- Prepare a list of areas that encompass your definition of Financial Literacy.
- Define Financial Literacy in your own words.
- Record some resources for developing a budget.
- Make a list of subject areas for your short and long-term budget goals. Offer at least 15 categories.
- Translate the *5 Steps of Developing a Budget* into your own words – rename the steps to make them appropriate for you and your lifestyle.
- Discuss why individuals may procrastinate in creating a budget and sticking with it.
- Describe in your own words why you think a budget is hard to create and monitor.
- Demonstrate your ‘system’ for keeping track of your income and spending.
- Find and employ a budget you have found through research. Record the website/source here.
- Illustrate how you, or someone you know, might be able to realistically reduce monthly spending.
- Calculate a tip for a \$ 45.87 food bill, with a \$ 3.21 tax.
- Compare the differences between a debit card and credit card.
- Contrast a checking account with a savings account, how are they alike or different?
- Examine your recent pay stub, how did taxes impact your ‘net’ verses ‘gross’ income?
- Select one of the following *Jump\$tart Coalition® National Standards in K-12 Personal Finance* Education learning topics and report what you now ‘know and understand.’ Choose a standard that you didn’t know before you read this section of the handbook.

Education Standards Addressed

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

SPENDING AND SAVING

“APPLY STRATEGIES TO MONITOR INCOME AND EXPENSES, PLAN FOR SPENDING AND SAVE FOR FUTURE GOALS.

- ✓ 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 SPENDING AND SAVING DECISIONS.”

After completing Chapter 2, you should be able to:

- a. Exhibit an understanding of what ‘credit’ is, and how and when you will use credit.
- b. Describe the differences between simple and compound interest; and the relevance for each.
- c. Demonstrate an understanding of various ways ‘finance’ charges can be calculated; and identify various finance terms.
- d. Understand what ‘credit scores’ are; and what factors affect your credit score.
- e. Identify behaviors to help establish ‘good’ credit.
- f. Learn the fundamental facts about mortgages; convey where you will find assistance when the time arrives for you to apply for a mortgage.
 - o Outline and give details of some of the different mortgage rate options.
 - o Be aware of some of the mortgage terms.
 - o Understand and be able to describe the difference between specific use loans and mortgages.
- g. Comprehend and be able to describe what ‘bankruptcy’ is.
- h. Identify the six financial literacy competency areas outlined by *Jump\$tart Coalition® National Standards in K-12 Personal Finance Education*.

Education Standards Addressed

***JUMP\$TART COALITION® NATIONAL
STANDARDS IN K-12 PERSONAL
FINANCE EDUCATION:***

CREDIT AND DEBT

**“DEVELOP STRATEGIES TO CONTROL AND
MANAGE CREDIT AND DEBT.**

- ✓ STANDARD 1. ANALYZE THE COSTS AND BENEFITS OF VARIOUS TYPES OF CREDIT.
- ✓ STANDARD 2. SUMMARIZE A BORROWER’S RIGHTS AND RESPONSIBILITIES RELATED TO CREDIT REPORTS.
- ✓ STANDARD 3. APPLY STRATEGIES TO AVOID OR CORRECT DEBT MANAGEMENT PROBLEMS.
- ✓ STANDARD 4. SUMMARIZE MAJOR CONSUMER CREDIT LAWS. (NOT COVERED IN TEXT... SEE JUMP\$TART MATERIALS ONLY)”

Day 6	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Introduction to Borrowing and Finance terms; collateral; Debt-to-income ratio/loan-to-asset ratio	- Read pgs 71- 80 in class and discuss	
Information (Give and/or demonstrate necessary information)	Discussion of 'Credit'/implications of using; when to use; what is involved in borrowing money Definition of 'collateral' – examples Debt-to-income ratio/loan-to-asset ratio (pg 77)	Activity: Groups – Groups calculate an example of Debt-to-income ratio/loan-to-asset ratio (pg 77)	
Verification (Steps to check for student understanding)	Discuss reading on pgs 69-80 Group discussions - Probe --what do you know about using credit... what factors should you consider BEFORE attempting to borrow money		Other Resources (e.g. Web, books, etc.) Web sources pgs 126-128
Activity (Describe the independent activity to reinforce this lesson)	Report on an item that may be purchased using credit – investigate and report credit details	Can students provide concrete examples of when they may borrow money/when family has borrowed money?	
Summary	Personal examples make information relevant – share a personal credit experience	Homework: Report on an item they may purchase using credit – investigate and report credit details Research a website that offers credit counseling – compile ideas to share Read pgs as assigned Activities/Discussion points assigned	Additional Notes

Day 7	Teacher Guide	Student Guide	
<p>Objectives (Specify skills/information that will be learned.)</p>	<p>Introduction to Interest rate terms and features Monetary Policy Understand differences between complex/simple interest rates Finance Terms (pg 83-37) What factors are considered for issuing a credit score? (pg 88) Where to go to check a credit score Finance Terms (pg 84-85)</p>	<ul style="list-style-type: none"> - Review homework: - Report on an item they may purchase using credit – investigate and report credit details - Research a website that offers credit counseling – compile ideas to share 	
<p>Information (Give and/or demonstrate necessary information)</p>	<p>Discussion of how to establish 'Good Credit' (pg 91) Identify how to check credit (pg 94)</p>	<p>Activity: Groups – Review the list of 'tips' on pg 93... add to the list/ comments?</p>	
<p>Verification (Steps to check for student understanding)</p>	<p>Discuss readings Group discussions - Probe --what do you know about simple/complex interest</p> <ul style="list-style-type: none"> - Calculation activity - Demonstrate knowledge of finance terms - grid 		<p>Other Resources (e.g. Web, books, etc.) See pgs 126-128</p>
<p>Activity (Describe the independent activity to reinforce this lesson)</p>	<p>Report on an item they may purchase using credit – investigate and report credit details Develop grid of finance terms (pg 84-85)</p>	<p>Can students provide concrete examples of how to calculate simple vs complex interest</p>	
<p>Summary</p>	<p>Personal examples make information relevant – share a personal credit score experience</p>	<p>Homework: Read pgs 97- 112 Complete Activities pgs 100 and 101 Activities/Discussion points as assigned</p>	<p>Additional Notes</p>

Day 8	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Introduction to Mortgage terms Review list/activity on pg 102 Special Use loans Bankruptcy	<ul style="list-style-type: none"> - Review homework: - Report on an item they may purchase using credit – investigate and report credit details - Research a website that offers credit counseling – compile ideas to share 	
Information (Give and/or demonstrate necessary information)	Discussion of ‘causes for bankruptcy’ pg 111	Activity: Groups – Review the activity on page 108 comment	
Verification (Steps to check for student understanding)	Discuss readings Group discussions - Probe --what do you know about using credit wisely		Other Resources (e.g. Web, books, etc.) See pgs 126-128
Activity (Describe the independent activity to reinforce this lesson)	Review the ‘buying a home’ process	Can students provide concrete examples of how to understand a mortgage and special use loan?	
Summary	Personal examples make information relevant – share a personal home purchase story	Homework: Activity on pg 117 Develop a grid for types of mortgage loans (pgs 99-100) Activities/Discussion points as assigned	Additional Notes

Day 9	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Review the following: <ul style="list-style-type: none"> - Types of Mortgages - Lines of Credit - What a 'Closing' is - HUD Statement Terms - Mortgage Shopping Worksheet - Reverse Mortgages - Special Use Loans - Bankruptcy and Credit Counseling 	<ul style="list-style-type: none"> - Review Homework 	
Information (Give and/or demonstrate necessary information)		Activity: calculate a special use loan at two different rates; show one at "NO INTEREST- if paid by X DATE (and another illustrating the implication of defaulting on that loan)	
Verification (Steps to check for student understanding)	Group discussions - Probe --what do you know about mortgage and special use loans? Demonstrate knowledge of mortgage - types (develop grid)		Other Resources (e.g. Web, books, etc.) See pgs, 126-128
Activity (Describe the independent activity to reinforce this lesson)	<ul style="list-style-type: none"> - Review the HUD statement - Review the Mortgage Worksheets - Pgs 122-125 		
Summary	Personal examples make information relevant – share a mortgage or special use loan experience/ HUD Statement/Mortgage Worksheet Review Chapter 2 Check for Understanding activities	Homework: Read pgs 130-138	Additional Notes

Chapter 2 Check for Understanding

- Estimate how much you will pay in interest if you are charged 5% simple interest (annualized) over a 3-year period for a \$ 500 purchase.
- List how an Adjustable Mortgage Rate is different from a Fixed Mortgage Rate.
- Discuss how the Federal Reserve policies impact you.
- Name two sources for obtaining your credit report- credit score.
- Describe your plan for attaining a good credit score.
- Explain some of the potential consequences of having a lower credit score.
- Identify what you believe to be some of the reasons why individuals may not understand their credit card contracts/mortgage documents.
- Evaluate what you believe your responsibility is for using credit; and does your philosophy coincide with current society trends? Explain.
- Discuss a Home Equity Line of Credit, when might you use one?
- Describe Private Mortgage Insurance (PMI).
- Explain some of the fees that may be accessed during the process of buying or selling a home.
- Identify an item you may obtain a loan to purchase. Identify and research the terms for a hypothetical loan. Report your findings here.
- Locate some of the agencies that are available to you for solving credit issues.
- Select one of the following *Jump\$tart Coalition® National Standards in K-12 Personal Finance Education* learning topics and report what you now 'know and understand.' Choose a standard that you didn't know before you read this section of the handbook.

Education Standards Addressed

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

CREDIT AND DEBT

“DEVELOP STRATEGIES TO CONTROL AND MANAGE CREDIT AND DEBT.

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- ✓ STANDARD 2. SUMMARIZE A BORROWER'S RIGHTS AND RESPONSIBILITIES RELATED TO CREDIT REPORTS.
- ✓ STANDARD 3. APPLY STRATEGIES TO AVOID OR CORRECT DEBT MANAGEMENT PROBLEMS.
- ✓ STANDARD 4. SUMMARIZE MAJOR CONSUMER CREDIT LAWS. (NOT COVERED IN TEXT... SEE JUMP\$TART MATERIALS ONLY)”

After completing Chapter 3, you should be able to:

- a. Describe an 'asset.'
- b. Explain what the 'stock market' and 'exchanges' are; and elaborate on how they operate.
 - o Describe volatility in relationship to how the stock market behaves.
 - o Name some of the attributes of a Bear and Bull market.
- c. Describe how investment products are the same or different from savings products.
- d. Identify the characteristics and differences between a stock, bond, and cash equivalent investment product; and provide examples of each.
- e. Identify the characteristics of a mutual fund:
 - o Describe the differences between 'share classes' discussed in the text;
 - o Identify some of the fees associated with mutual funds;
 - o Define and express the differences between size and style;
 - o Clarify what a 'value' vs. 'growth' equity product is;
 - o Give an explanation of what a prospectus is; how you might utilize it;
 - o Briefly describe how you might use a mutual fund index.
 - o Articulate the differences between an Investment/Brokerage Account and a Retirement/Custodian Account.
- f. Demonstrate your understanding of how risk tolerance and time horizon impact you as an investor.
 - o Define various types of risk.
- g. Define diversification and asset allocation; how are they alike or different? Provide examples to illustrate your point(s).
- h. Identify the six financial literacy competency areas outlined by *Jump\$tart Coalition® National Standards in K-12 Personal Finance Education*.

Education Standards Addressed

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

INVESTING

“IMPLEMENT A DIVERSIFIED INVESTMENT STRATEGY THAT IS COMPATIBLE WITH PERSONAL FINANCIAL GOALS.

1. EXPLAIN HOW INVESTING MAY BUILD WEALTH AND HELP MEET FINANCIAL GOALS.
2. EVALUATE INVESTMENT ALTERNATIVES.
3. DEMONSTRATE HOW TO BUY AND SELL INVESTMENTS.
4. INVESTIGATE HOW AGENCIES PROTECT INVESTORS AND REGULATE FINANCIAL MARKETS AND PRODUCTS.”

Day 10	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Choose a few topic points to begin with To start to 'digest' some of the chapter material Definition of 'Investor' – pgs 149-150	Read pgs 140-147	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Choose a couple of Tell Me A Story scenario from pgs 222-228 and have the students read them – discuss as an introduction to the chapter		
Verification (Steps to check for student understanding)	Assets pg 144-149 Investing vs. Saving pg 149 Discussion about the Market pg 153, 159		Other Resources (e.g. Web, books, etc.) Pgs 219-220
Activity (Describe the independent activity to reinforce this lesson)	Discuss pgs 150-154 How you begin – Opening Accounts 154-158	Homework: Re-read pgs 144- 149 and complete the activity on pg 147 – ask students to list ASSETS a parent or friend might have as well	
Summary		Read pgs 159-165 Activities/Discussion points as assigned	Additional Notes

Day 11	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Review yesterday homework Re-review yesterday Introduction: <ul style="list-style-type: none"> - 'Assets' - Investing vs. Savings - DOW/S&P/NASDAQ - Investment Accounts - Beneficiaries of accounts - Titles of accounts 	<ul style="list-style-type: none"> - Review pgs 150- 165 	
Information (Give and/or demonstrate necessary information)	Discussion of activity on pg 150 Give example of the difference between different types of Accounts	Activity: pg 150- what the stock market is; review list on pg 151 Compare - DOW S&P NASDAQ	
Verification (Steps to check for student understanding)	Group discussions - Probe --what do you know about 'assets'?. 'investing,' and the stock market? Demonstrate knowledge of investing account types (develop grid)		Other Resources (e.g. Web, books, etc.) See pgs 219-220
Activity (Describe the independent activity to reinforce this lesson)	Develop a grid for features of: <ul style="list-style-type: none"> - Investment/Brokerage Account - Retirement Account - Roth Retirement Account 	Calculate 'loss' or gain on an investment Pgs 153, 161-165 Read about Volatility 161-165 - discuss	
Summary	Personal examples make information relevant – share a list of some of your assets/or other'; an investment experience you may have personally had/heard (or research one)	Homework: Read pgs 166- 174 Complete activity pg 160 Complete questionnaire on pg 166 Activities/Discussion points as assigned	Additional Notes

Day 12	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Re-review/Introduction to Investing: <ul style="list-style-type: none"> - Risk and Risk Tolerance - Behavior of the market - Volatility - Time Horizon 	- Review homework: <ul style="list-style-type: none"> - Pgs 159- 176 - Activity pg 160 - Questionnaire on pg 166 - Discussion about BEAR vs. BULL - Volatility 	
Information (Give and/or demonstrate necessary information)	Discussion of activity on pg 160 Questionnaire on pg 166 Review Modern Portfolio Theory pg 163	Activity: pg 167 – develop continuum chart for 5 investor profiles noted Complete Investor Questionnaire	
Verification (Steps to check for student understanding)	Discuss reading on pgs 159-176 Group discussions - Probe –why is it important to know about the stock market BEFORE you invest? and what types of information do you think you need to gather? Demonstrate knowledge of risk types	Groups develop list: why is it important to know about the stock market BEFORE you invest? and what types of information do you think you need to gather BEFORE you invest? Discuss Investor Profile Questionnaires	Other Resources (e.g. Web, books, etc.) See pgs 219-220
Activity (Describe the independent activity to reinforce this lesson)	Discuss page 170 – Past Performance Develop a grid for features of: <ul style="list-style-type: none"> - Risk types - Investor types as they relate to risk types Activity on pg 174 – comparison between Bear and Bull Market behavior	Develop list of the features of each type of risk: pg 168-169 – activity pg 169	
Summary	Personal examples make information relevant – share a few examples (from pgs 223-228 that you think are relevant)	Homework: Read pgs 177- 183 Have student research a stock or investment product and be ready to provide information like on pg 165 Activities/Discussion points as assigned	Additional Notes

Day 13	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Introduction to Investment Products: <ul style="list-style-type: none"> - Fixed rate products pg 178 - Stocks pg 181 - Mutual Funds pg 184-197 	<ul style="list-style-type: none"> - Review homework: - Read pgs 177- 183 - Have student present the research regarding a stock or investment product (pg 165) 	
Information (Give and/or demonstrate necessary information)	Discussion of homework activity Provide features for each of the 3 products discussed in the reading	Activity: develop chart for features of: Fixed-rate products Stocks Mutual Funds	
Verification (Steps to check for student understanding)	Discuss reading on pgs 177-183 Group discussions - Probe –what do you know about the 3 types of investment products discussed in the reading? Demonstrate knowledge of the 3 investment product types through lists	Groups develop list: features of each of the 3 investment products	Other Resources (e.g. Web, books, etc.) See pgs 219-220
Activity (Describe the independent activity to reinforce this lesson)	Features list compilation	<ul style="list-style-type: none"> - Elaborate on Mutual Fund features list (pg 184-197) 	
Summary	Personal examples make information relevant – share a few examples of investment products you have used	Homework: Read pgs 184- 197 Have student research a mutual fund and bring a description to class Activities/Discussion points as assigned	Additional Notes

Day 14	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Introduction to Investment Products: - Mutual Funds FEATURES Size Style Growth Value Sector Share class	<ul style="list-style-type: none"> - Review homework: - Read pgs 184- 197 - Have students share their research --a mutual fund and description – use it for class activities 	
Information (Give and/or demonstrate necessary information)	Discussion of homework activity Students categorize the type of Mutual Fund they brought against the features noted above	Activity: develop continuum chart features of: -- Mutual Funds	
Verification (Steps to check for student understanding)	Discuss reading on pgs 184-198 Group discussions - Probe –what do you know about the additional features of mutual funds that were addressed in the reading? Why might this information be important to an investor? Activity pg 197	Activity pg 197	Other Resources (e.g. Web, books, etc.) See pgs 219-220
Activity (Describe the independent activity to reinforce this lesson)	Features list compilation – add size/style/growth/value/sector/share class	<ul style="list-style-type: none"> - Elaborate on Mutual Fund features list (pg 184- 197) - 	
Summary	Personal examples make information relevant – share a few examples of various mutual funds that fall into different features categories	Homework: Read pgs 198- 207, 208 - 214 Have student research a bond and bring a description to class, pg 206-207 Activities/Discussion points as assigned	Additional Notes

Day 15	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Investment Products and concepts: <ul style="list-style-type: none"> - What a bond is - Correlation - Diversification - Types of Bonds - Bond yield terms - Par/discount/premium - Indexes pg 212 Note: Option section can be skipped	<ul style="list-style-type: none"> - Review homework: - Review pgs 198- 207, 208- 214 - Review activity - Dollar Cost averaging concept pg 215 	
Information (Give and/or demonstrate necessary information)	<ul style="list-style-type: none"> - Discussion of homework activity Students categorize the type of Mutual Fund they brought against the features noted above	Activity: develop continuum chart features of: <ul style="list-style-type: none"> - Bond yield terms (pg 205) - Bond types (pg 209) 	
Verification (Steps to check for student understanding)	Discuss reading on pgs 198-207, 208-212 Group discussions - Probe –what do you know about the types of bonds discussed in the reading? Activity pg 202, 206	Activity pg 202 Activity pg 206	Other Resources (e.g. Web, books, etc.) See pgs 219-220
Activity (Describe the independent activity to reinforce this lesson)	Features of bond types Answer: What is the purpose of knowing what the appropriate INDEX is for an investment product? Provide a few examples of various bonds that fall into different features categories – compare/calculate yields	Group Activity: <ul style="list-style-type: none"> - Elaborate on par/discount/premium... relating to bonds (pg 205-206) - Provide an answer to: Why is it important to know what the appropriate INDEX is for an investment product? 	
Summary	Personal examples make information relevant – share a few examples of various bonds that fall into different features categories – compare yields	Homework: Activity pg 212 Read pgs 214 -218, 222-228 Have student research 2 bonds and bring a description to class, pg 207 Activities/Discussion points as assigned	Additional Notes

Day 16	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Review investment concepts that were discussed, specifically review the concepts from days 10 -15	Review Activity pg 212 Review reading pgs 214 -218, 222-228 Review student research 2 bonds pg 207	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Review any concepts you have not covered completely or feel need further discussion		
Verification (Steps to check for student understanding)			Other Resources (e.g. Web, books, etc.) Pgs 219-220
Activity (Describe the independent activity to reinforce this lesson)	Recap activities performed in this chapter		
Summary	Review Chapter 3 Check for Understanding activities Start day 17 if time allows	Students identify “interesting” concepts from each section of the chapter Activities/Discussion points as assigned	Additional Notes

Chapter 3 Check for Understanding

- Create a list of your assets.
- Organize a chart to capture your understanding of some of the investment choices in these three categories:
 - Equities/Bonds/Cash.
- Evaluate your answers to the Investor Profile Questionnaire. Does the evaluation accurately describe your current investment philosophy?
- Estimate what the return percentage is for an investment that you purchased for \$400, and now has a market value of \$482 two years later.
- In your own words define 'risk,' as it relates to investing.
- Name some of the differences between A, B and C Shares of Mutual Funds.
- Explain the differences between 'Small, Medium and Large Cap' stocks.
- Identify three mutual fund sectors.
- In simple terms interpret the differences between correlated and non-correlated investment products.
- Design a hypothetical portfolio for a moderate investor.
- Describe what the 'market indexes' are, and how you might utilize the index information.
- Identify a list of your 'trusted advisors.'
- Explain why it is imperative to use 'trusted advisors' to navigate the investing process.
- Select one of the following *Jump\$tart Coalition® National Standards in K-12 Personal Finance Education* learning topics and report what you now 'know and understand.' Choose a standard that you didn't know before you read this section of the handbook.

Education Standards Addressed

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

INVESTING

“IMPLEMENT A DIVERSIFIED INVESTMENT STRATEGY THAT IS COMPATIBLE WITH PERSONAL FINANCIAL GOALS.

1. EXPLAIN HOW INVESTING MAY BUILD WEALTH AND HELP MEET FINANCIAL GOALS.
2. EVALUATE INVESTMENT ALTERNATIVES.
3. DEMONSTRATE HOW TO BUY AND SELL INVESTMENTS.
4. INVESTIGATE HOW AGENCIES PROTECT INVESTORS AND REGULATE FINANCIAL MARKETS AND PRODUCTS.”

After completing Chapter 4, you should be able to:

- a. Articulate and demonstrate your understanding of the advantages and disadvantages of utilizing a *retirement account*.
 - o Describe the characteristics of a retirement account;
 - o Explain a strategy for utilizing a retirement account early in life;
 - o Create both a short-term and long-term retirement plan.
- b. Describe the differences between an Individual Retirement Account and a group retirement account; provide examples for how you will use both types of accounts.
 - o What are some of the group retirement plan options?
 - o Be able to articulate the differences between a *defined benefit* and *defined contribution* retirement plan;
 - o Be able to illustrate the '*matching*' feature of a retirement plan;
 - o Explain a '*vesting*' schedule.
- c. Consider what the challenges and risks that you might face when you retire are; be able to list some of those challenges.
- d. Define '*tax deferral*' and tax implications of retirement account contributions and withdrawals.
- e. Understand what an *annuity* (investment product) is; provide clarification to describe under what circumstances an annuity might be an appropriate product to purchase.
 - o Describe the *advantages* and *disadvantages* of both a *fixed* and *variable* annuity.
- f. Identify the six financial literacy competency areas outlined by *Jump\$tart Coalition[®] National Standards in K-12 Personal Finance Education*.

Education Standards Addressed

***JUMP\$TART COALITION[®] NATIONAL
STANDARDS IN K-12 PERSONAL
FINANCE EDUCATION:***

RETIREMENT PLANNING

“OVERALL COMPETENCE: APPLY RELIABLE INFORMATION AND SYSTEMATIC DECISION MAKING TO PERSONAL FINANCIAL DECISIONS.”

Day 17	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Retirement Goals Terms of Retirement - Pose questions on pg 234	Read in class pgs 224-231 Have students work individually to write retirement 'dream' story or a story from their experience - Share	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Discuss statistics pg 235, 237-238 Review Retirement Plans 236-249	Example on page 238	
Verification (Steps to check for student understanding)			Other Resources (e.g. Web, books, etc.) Pgs 289-293
Activity (Describe the independent activity to reinforce this lesson)	Review stories pgs 224- 231 Have student start a GRID of different retirement plans	Review Life 163 Activity pg 249	
Summary	Provide personal stories about parents/aunts/uncles, etc.	Homework: Talk to 2 RETIRED adults and ask how they planned for their retirement – How does RETIREMENT compare to expectations? Activities/Discussion points as assigned	Additional Notes

Day 18	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Review Retirement Grids students prepared <ul style="list-style-type: none"> - Vesting - RISKS in Retirement - Inflation pg 261 - Where will the money to live on come from in Retirement pg 266 	Review Homework stories Read pgs 251-266	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Vesting pgs 251-252 How much should you save discussion pg 253 <ul style="list-style-type: none"> - Challenges in Retirement Outlive money Rising Health Care Costs Inflation Investing too conservatively Rate of withdrawal is too aggressive 	Vesting Saving for Retirement 5 Risks – start a chart	
Verification (Steps to check for student understanding)	Team Project Have Teams create the following: <ol style="list-style-type: none"> 1) Fictitious Company 2) Retirement Plan offering Explain their choice of Plan	Present project to class	Other Resources (e.g. Web, books, etc.) Pgs 281-293
Activity (Describe the independent activity to reinforce this lesson)	Review the 5 RISKS and have students start a chart		
Summary	Can you personally research website – or use those in the back of the book to offer additional context to the RISKS?	Homework: Have students work on their RISK charts What was the greatest surprise in the information presented? Activities/Discussion points as assigned	Additional Notes

Day 19			
Objectives (Specify skills/information that will be learned.)	Recap 'RISKS' in Retirement pgs 251-266 Inflation pg 261 Taxes in Retirement pg 270-273	Students identify their 'greatest 'surprise' ?? Review 'RISK' Charts	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Review Chapter Activities Work through Life 172 as a class Group discussions - Probe –what do you know about how taxes are treated when you are retired, and you begin to withdraw some of the money you have saved in retirement accounts?	Read pgs 266-272 Activity pg 270, 273	
Verification (Steps to check for student understanding)	Review the readings and activities Provide examples of short and long capital gains (worksheet) pg 270-271		Other Resources (e.g. Web, books, etc.) Pgs 289-293
Activity (Describe the independent activity to reinforce this lesson)	Pre-work for Annuity reading homework Do you know someone who has a Pension? Police/Fire Fighter/Government worker/Corporate worker?		
Summary		Homework: Read pgs 273-287 Activities/Discussion points as assigned	Additional Notes

Day 20			
Objectives (Specify skills/information that will be learned.)	Recap Annuities Annuity Terms Annuity Types Fixed annuities Variable annuities USES for Annuities Annuity Riders	Overview of reading pgs 273-287	Materials Needed <ul style="list-style-type: none"> • Paper • Pencil • Others
Information (Give and/or demonstrate necessary information)	Review Chapter Activities Pgs 280-287	Complete activity pg 287 Read pg 288 Activity on pg 288	
Verification (Steps to check for student understanding)	Review the readings and activities		Other Resources (e.g. Web, books, etc.) Pgs 289-293
Activity (Describe the independent activity to reinforce this lesson)	Do you know someone who has an Annuity? They CAN BE similar to a Pension Police/Fire Fighter/Government worker/Corporate worker?		
Summary	Review Chapter 4 Check for Understanding activities	Read pg 296-305 Activities/Discussion points as assigned	Additional Notes

Chapter 4 Check for Understanding

- Evaluate the pros and cons of investing your money in a Non-Roth retirement account.
- Create a hypothetical retirement savings plan for someone who is making \$ 40,000 a year in a 25% tax bracket.
- Estimate how much you would like to save for retirement, starting from age 25 until age 62. Describe how you calculated that number.
- Recalling that the article in the *Kansas City Star*[®] indicated that a 25 year old needed to put away \$ 286 a month, assuming 8% average earnings on that money for 40 years, to accumulate \$ 1 million dollars, Do you imagine that: a) this goal is realistic, and b) that you personally could save that much a month? Elaborate on your answer.
- Describe a 'tax-free' investment.
- List some of the implications for withdrawing money from a Non-Roth Retirement Account before you are age 59 ½.
- Name two reasons why annuity products are sometimes perceived as 'complex.' In your own words, relate the impact of inflation to the cost of goods in 40 years.
- Discuss what you believe to be the most important of the five 'Risks for Retirees' that are presented in the text.
- Describe some of the differences between a *defined benefit* and a *defined contribution* plan. Explain the implications of a 'vesting schedule' for a company 'match.'
- Identify what type of retirement plan is typically utilized by a Not-for-Profit organization.

Education Standards Addressed

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

RETIREMENT PLANNING

“OVERALL COMPETENCE: APPLY RELIABLE INFORMATION AND SYSTEMATIC DECISION MAKING TO PERSONAL FINANCIAL DECISIONS.”

- Illustrate how a 'surrender' period might negatively impact a withdrawal from an annuity investment product.
- Calculate the 'capital gain' of a stock that is purchased for \$ 10 a share and is sold @ \$ 14.50 a share after a period of 2 years.
- Compare and contrast the characteristics of a 'fixed' and 'variable' annuity. Contrast the characteristics of an IRA with the characteristics of a Roth IRA.
- Select one of the *Jump\$tart Coalition*[®] *National Standards in K-12 Personal Finance Education* learning topics and report what you now 'know and understand.' Choose a standard that you didn't know before you read this section of the handbook.

After completing Chapter 5, you should be able to:

- a. Articulate your understanding of the advantages of protecting your assets.
- b. Describe the safeguards put in place by our government to protect your assets; Securities Investor Protection Corporation and the Federal Deposit Insurance Corporation.
 - o Illustrate how these agencies work; identify what the agencies oversee and protect.
- c. Explain the general differences between *Term* and *Permanent life insurance*.
 - o Identify the general advantages and disadvantages for *Term* and *Permanent life insurance*;
 - o List and demonstrate an understanding of the key terms associated with life insurance policies.
- d. Describe what long-term care is; how it is different from health care.
 - o Exhibit familiarity with the terms related with long-term care insurance.
- e. Identify the differences between a *Will* and a *Trust*; identify the advantages and disadvantages of each type of document.
- f. Provide a list of activities that help individuals to safeguard themselves against *Identity Theft*.
- g. Identify the six financial literacy competency areas outlined by *Jump\$tart Coalition® National Standards in K-12 Personal Finance Education*.

Education Standards Addressed

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

RISK MANAGEMENT AND INSURANCE

“APPLY APPROPRIATE AND COST-EFFECTIVE RISK MANAGEMENT STRATEGIES.

1. IDENTIFY COMMON TYPES OF RISKS AND BASIC RISK MANAGEMENT METHODS.
2. JUSTIFY REASONS TO USE PROPERTY AND LIABILITY INSURANCE.
3. JUSTIFY REASONS TO USE HEALTH, DISABILITY, LONG-TERM CARE AND LIFE INSURANCE.”

Day 21	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	Wealth Protection Insurance for your car SIPC FDIC Life Insurance	<ul style="list-style-type: none"> - Review homework: - Which story did you like the best? - Do you have any of your own stories? 	
Information (Give and/or demonstrate necessary information)	Discuss what insurance the students are familiar with pgs 310-313 Group discussions - Probe – When do you think one might need to purchase life insurance; long-term care insurance? Review Activities/grids/lists	Read pgs 309-318 Activity pg 311	
Verification (Steps to check for student understanding)	Make a GRID/chart for FDIC and SIPC coverages pgs 314-318	Activity pg 318 Group discussion: What do you see as a risk that you might protect against? Why? How? What do you think is going to happen to our Social Security System?	Other Resources (e.g. Web, books, etc.) See pgs 347-348
Activity (Describe the independent activity to reinforce this lesson)	Life Insurance pg 320-327 Definition Term vs. permanent Disability pg 328 Terms pg 325 How to apply	Construct a chart for life insurance – Term vs Permanent - Differences Disability discussion pg 328-329	
Summary	Personal examples make information relevant – share a few examples of the retirement plans you have been exposed to by friends and family.	Homework: Read pg 330-334 Complete activity on pg 334 Activities/Discussion points as assigned	Additional Notes

Day 22	Teacher Guide	Student Guide	
Objectives (Specify skills/information that will be learned.)	<ul style="list-style-type: none"> - Long-Term Care - Wills/Estate Planning - Identity Theft 	<ul style="list-style-type: none"> - Review homework: - Reading pg 330-334 - Review activity pg 334 	
Information (Give and/or demonstrate necessary information)	<ul style="list-style-type: none"> - Discussion of homework reading Long-Term Care pg 330 Definition Terms pg 332 	Review of Insurance Terms	
Verification (Steps to check for student understanding)	Wills/Estate Planning pg 335-339 Probe –what do you know about Wills/Trusts? Probe –what do you know about Identity Theft?	Group discussion: <ul style="list-style-type: none"> - List out the key long-term care insurance terms you might believe to be beneficial to have on a policy (pg 332) - What did you know about the differences between a Will and a Trust? - What are some strategies for guarding against Identity Theft? 	
Activity (Describe the independent activity to reinforce this lesson)	Have students share an Identity Theft story		Other Resources (e.g. Web, books, etc.) See pgs 347-348
Summary	Review Chapter 5 Check for Understanding activities	Homework: Pg 339 --Trust question activity Activities/Discussion points as assigned	Additional Notes

Chapter 5 Check for Understanding:

- List some of the things you might do to protect your identity.
- Discuss why the FDIC and SEC were established. Relate your statement to how the two organizations are important in today's economic environment.
- Describe, in your own words, why you might buy life and disability insurance in the future. (If you haven't already.)
- Explain the term 'face value' as it relates to a life insurance policy.
- Ask someone you know well, if they will share how much insurance they have on themselves... and how they decided upon that amount.
- Report on the criteria an individual might consider when they choose the amount of life insurance to purchase.
- Interpret the difference between health insurance and long-term care insurance.
- Compare and contrast a few of the characteristics of Term versus Permanent Life Insurance. Identify the benefits of establishing a Will.
- Who assists the maker in the creation of a Trust?
- Evaluate the importance of naming a beneficiary for your assets.
- Select one of the *Jump\$tart Coalition® National Standards in K-12 Personal Finance Education* learning topics and report what you now 'know and understand.' Choose a standard that you didn't know before you read this section of the handbook.

Education Standards Addressed

JUMP\$TART COALITION® NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION:

RISK MANAGEMENT AND INSURANCE

“APPLY APPROPRIATE AND COST-EFFECTIVE RISK MANAGEMENT STRATEGIES.

4. IDENTIFY COMMON TYPES OF RISKS AND BASIC RISK MANAGEMENT METHODS.
5. JUSTIFY REASONS TO USE PROPERTY AND LIABILITY INSURANCE.
6. JUSTIFY REASONS TO USE HEALTH, DISABILITY, LONG-TERM CARE AND LIFE INSURANCE.”

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