B.E. Publishing

Correlation to *Personal Financial Literacy* to the Council for Economic Education National Standards for Financial Literacy Grade 12 Benchmarks

STANDARD	CORRELATING PAGES
I. Earning Income Income for most people is determined by the market value of their labor, paid as wages and salaries. People can increase their income and job opportunities by choosing to acquire more education, work experience, and job skills. The decision to undertake an activity that increases income or job opportunities is affected by the expected benefits and costs of such an activity. Income also is obtained from other sources such as interest, rents, capital gains, dividends, and profits.	
1. People choose jobs or careers for which they are qualified based on the income they expect to earn and the benefits, such as health insurance coverage or a retirement plan, that they expect to receive.	Narrative: Ch. 4 Pg. 56 Income and Benefits Activity: Ch. 4 Test Your Knowledge #21
2. People choose jobs or careers for which they are qualified based on non-income factors, such as job satisfaction, independence, risk, family, or location.	Narrative: Ch. 4 Pg. 58 Non-income Factors Activity: Ch. 4 Test Your Knowledge #21
3. People vary in their willingness to obtain more education or training because these decisions involve incurring immediate costs to obtain possible future benefits. Discounting the future benefits of education and training may lead some people to pass up potentially high rates of return that more education and training may offer.	Narrative: Ch. 4 Pg. 66 Individual Choices Activity: Ch. 4 Test Your Knowledge #22
4. People can make more informed education, job, or career decisions by evaluating the benefits and costs of different choices.	Narrative: Ch. 4 Pg. 59 Evaluating Benefits and Costs of Different Choices Activity: Ch. 4 Test Your Knowledge #23
5. The wage or salary paid to workers in jobs is usually determined by the labor market. Businesses are generally willing to pay more productive workers higher wages or salaries than less productive workers.	Narrative: Ch. 7 Pg. 151 Productivity Activity: Ch. 7 Test your Knowledge #13
6. Changes in economic conditions or the labor market can cause changes in a worker's income or may cause unemployment.	Narrative: Ch. 7 Pg. 162 Unemployment Rate Activity: Ch. 7 Test your Knowledge #14
7. Taxes are paid to federal, state, and local governments to fund government goods and services and transfer payments from government to individuals. The major types of taxes are income taxes, payroll (Social Security) taxes, property taxes, and sales taxes.	Narrative: Ch. 8 Pg. 173 Tax Deductions Activity: Ch. 8 Test Your Knowledge #16

STANDARD	CORRELATING PAGES
8. People's sources of income, amount of income, as well as the amount and type of spending affect the types and amounts of taxes paid.	Narrative: Ch. 8 Pg. 173 Tax Deductions Activity: Ch. 8 Test Your Knowledge #17
II. Buying Goods and Services People cannot buy or make all the goods and services they want; as a result, people choose to buy some goods and services and not buy others. People can improve their economic wellbeing by making informed spending decisions, which entails collecting information, planning, and budgeting.	
1. Consumer decisions are influenced by the price of a good or service, the price of alternatives, and the consumer's income as well as his or her preferences.	Narrative: Ch. 9 Pg. 203 Consumer Decisions Activity: Ch. 9 Listen and Speak
2. When people consume goods and services, their consumption can have positive and negative effects on others.	Narrative: Ch. 9 Pg. 203 Consumer Decisions Activity: Ch. 9 Listen and Speak
3. When buying a good, consumers may consider various aspects of the product including the product's features. For goods that last for a longer period of time, the consumer should consider the product's durability and maintenance costs.	Narrative: Ch. 9 Pg. 203 Consumer Decisions Activity: Ch. 9 Listen and Speak
4. Consumers may be influenced by how the price of a good is expressed.	Narrative: Ch. 9 Pg. 203 Consumer Decisions Activity: Ch. 9 Listen and Speak
5. People incur costs and realize benefits when searching for information related to their purchases of goods and services. The amount of information people should gather depends on the benefits and costs of the information.	Narrative: Ch. 9 Pg. 203 Consumer Decisions Activity: Ch. 9 Listen and Speak
6. People may choose to donate money to charitable organizations and other not-for-profits because they gain satisfaction from donating.	Narrative: Ch. 17 Pg. 338 Value of Charitable Giving Activity: Ch. 17 Test Your Knowledge #3
7. Governments establish laws and institutions to provide consumers with information about goods or services being purchased and to protect consumers from fraud.	Narrative: Ch. 21 Pg. 424 Consumer Protection Laws
III. Saving Saving is the part of income that people choose to set aside for future uses. People save for different reasons during the course of their lives. People make different choices about how they save and how much they save. Time, interest rates, and inflation affect the value of savings.	
1. People choose between immediate spending and saving for future consumption. Some people have a tendency to be impatient, choosing immediate spending over saving for the future.	Narrative: Ch. 12 Pg. 244 Benefits of Saving

2. Inflation reduces the value of money, including savings. The real interest rate expresses the rate of return on savings, taking into account the effect of inflation. The real interest rate is calculated as the nominal interest rate minus the rate of inflation.	Narrative: Ch. 11 Pg. 236 Interest Rates and Inflation Activity: Ch. 11 Listen and Speak, Ch. 11 Test Your Knowledge #6
3. Real interest rates typically are positive because people expect to be compensated for deferring the use of savings from the present into the future. Higher interest rates increase the rewards for saving.	Narrative: Ch. 11 Pg. 236 Interest Rates and Inflation Activity: Ch. 11 Test Your Knowledge #7
4. The nominal interest rate tells savers how the dollar value of their savings or investments will grow; the real interest rate tells savers how the purchasing power of their savings or investments will grow.	Narrative: Ch. 11 Pg. 236 Interest Rates and Inflation Activity: Ch. 11 Listen and Speak, Ch. 11 Test Your Knowledge #6
5. Money received (or paid) in the future can be compared to money held today by discounting the future value based on the rate of interest.	Narrative: Ch. 11 Pg. 233 TVM Calculations Activity: Ch. 11 Test Your Knowledge #8
6. Government agencies supervise and regulate financial institutions to help protect the safety, soundness, and legal compliance of the nation's banking and financial system.	Narrative: Ch. 10 Pg. 214 The Financial System
7. Government policies create incentives and disincentives for people to save.	Narrative: Ch. 12 Pg. 245 Make Savings Automatic Activity: Ch. 12 Listen and Speak
8. Employer benefit programs create incentives and disincentives to save. Whether or how much an employee decides to save can depend on how the alternatives are presented by the employer.	Narrative: Ch. 12 Pg. 245 Make Savings Automatic Activity: Ch. 12 Listen and Speak
IV. Using Credit Credit allows people to purchase goods and services that they can use today and pay for those goods and services in the future with interest. People choose among different credit options that have different costs. Lenders approve or deny applications for loans based on an evaluation of the borrower's past credit history and expected ability to pay in the future. Higher-risk borrowers are charged higher interest rates; lower-risk borrowers are charged lower interest rates.	
1. Consumers can compare the cost of credit using the annual percentage rate (APR), initial fees charged, and fees charged for late payment or missed payments.	Narrative: Ch. 14 Pg. 291 Cost of Borrowing
2. Banks and financial institutions sometimes compete by offering credit at low introductory rates, which increase after a set period of time or when the borrower misses a payment or makes a late payment.	Narrative: Ch. 14 Pg. 277 Sources of Credit

3. Loans can be unsecured or secured with collateral. Collateral is a piece of property that can be sold by the lender to recover all or part of a loan if the borrower fails to repay. Because secured loans are viewed as having less risk, lenders charge a lower interest rate than they charge for unsecured loans.	Narrative: Ch. 14 Pg. 279 Closed-end Credit Activity: Ch. 14 Test Your Knowledge #1
4. People often make a cash payment to the seller of a good—called a down payment—in order to reduce the amount they need to borrow. Lenders may consider loans made with a down payment to have less risk because the down payment gives the borrower some equity or ownership right away. As a result, these loans may carry a lower interest rate.	Narrative: Ch. 14 Pg. 279 Closed-end Credit
5. Lenders make credit decisions based in part on consumer payment history. Credit bureaus record borrowers' credit and payment histories and provide that information to lenders in credit reports.	Narrative: Ch. 14 Pg. 283 Character
6. Lenders can pay to receive a borrower's credit score from a credit bureau. A credit score is a number based on information in a credit report and assesses a person's credit risk.	Narrative: Ch. 14 Pg. 287 Credit Reports and Scores
7. In addition to assessing a person's credit risk, credit reports and scores may be requested and used by employers in hiring decisions, landlords in deciding whether to rent apartments, and insurance companies in charging premiums.	Narrative: Ch. 14 Pg. 287 Credit Reports and Scores
8. Failure to repay a loan has significant consequences for borrowers such as negative entries on their credit report, repossession of property (collateral), garnishment of wages, and the inability to obtain loans in the future.	Narrative: Ch. 14 Pg. 294 Managing Debt
9. Consumers who have difficulty repaying debt can seek assistance through credit counseling services and by negotiating directly with creditors.	Narrative: Ch. 14 Pg. 294 Managing Debt Activity: Ch. 14 Test Your Knowledge #4
10. In extreme cases, bankruptcy may be an option for consumers who are unable to repay debt. Although bankruptcy provides some benefits, filing for bankruptcy also entails considerable costs, including having notice of the bankruptcy appear on a consumer's credit report for up to 10 years.	Narrative: Ch. 14 Pg. 295 Bankruptcy
11. People often apply for a mortgage to purchase a home. A mortgage is a type of loan that is secured by real estate property as collateral.	Narrative: Ch. 15 Pg. 311 Mortgages

12. Consumers who use credit should be aware of laws that are in place to protect them. These include requirements to provide full disclosure of credit terms such as APR and fees, as well as protection against discrimination and abusive marketing or collection practices.	Narrative: Ch. 14 Pg. 296 Credit Laws
13. Consumers are entitled to a free copy of their credit report annually so that they can verify that no errors were made that might increase their cost of credit.	Narrative: Ch. 14 Pg. 287 Credit Reports and Scores Activity: Ch. 14 Test Your Knowledge #12
V. Financial Investing Financial investment is the purchase of financial assets to increase income or wealth in the future. Investors must choose among investments that have different risks and expected rates of return. Investments with higher expected rates of return tend to have greater risk. Diversification of investment among a number of choices can lower investment risk.	
1. The real return on a financial investment is the nominal return minus the rate of inflation.	Narrative: Ch. 18 Pg. 355 Know Your Risk Tolerance
2. Federal, state, and local tax rates vary on different types of investments and affect the after-tax rate of return of an investment.	Narrative: Ch. 18 Pg. 361 Stocks
3. Expenses of buying, selling, and holding financial assets decrease the rate of return from an investment.	Narrative: Ch. 18 Pg. 361 Stocks
4. Buyers and sellers in financial markets determine prices of financial assets and therefore influence the rates of return on those assets.	Narrative: Ch. 18 Pg. 361 Stocks
5. An investment with greater risk than another investment will commonly have a lower market price, and therefore a higher rate of return, than the other investment.	Narrative: Ch. 18 Pg. 355 Know Your Risk Tolerance
6. Shorter-term investments will likely have lower rates of return than longer-term investments.	Narrative: Ch. 18 Pg. 355 Know Your Risk Tolerance
7. Diversification by investing in different types of financial assets can lower investment risk.	Narrative: Ch. 18 Pg. 355 Know Your Risk Tolerance
8. Financial markets adjust to new financial news. Prices in those markets reflect what is known about those financial assets.	Narrative: Ch. 18 Pg. 356 Understand Financial Markets
9. The prices of financial assets are affected by interest rates. The prices of financial assets are also affected by changes in domestic and international economic conditions, monetary policy, and fiscal policy.	Narrative: Ch. 7 Pg. 150 Interest Rates, Ch. 7 Pg. 157 Monetary Policy, Ch. 7 Pg. 156 Fiscal Policy Activity: Ch. 7 Test Your Knowledge #16, Ch. 7 Test Your Knowledge #17

10. Investors should be aware of tendencies that people have that may result in poor choices. These include avoiding selling assets at a loss because they weigh losses more than they weigh gains and investing in financial assets with which they are familiar, such as their own employer's stock or domestic rather than international stocks.	Narrative: Ch. 18 Pg. 355 Know Your Risk Tolerance
11. People vary in their willingness to take risks. The willingness to take risks depends on factors such as personality, income, and family situation.	Narrative: Ch. 18 Pg. 355 Know Your Risk Tolerance Activity: Ch. 18 Test Your Knowledge #5
12. An economic role for governments exists if individuals do not have complete information about the nature of alternative investments or access to competitive financial markets.	Narrative: Ch. 7 Pg. 156 The Government's Role in Economic Systems, Ch. 18 Pg. 356 Understand Financial Markets Activity: Ch. 7 Test Your Knowledge #15
13. The Securities and Exchange Commission (SEC), the Federal Reserve, and other government agencies regulate financial markets.	Narrative: Ch. 10 Pg. 214 The Financial System, Ch. 10 Pg. 226 Evaluating Service Providers Activity: Ch. 21 Read and Write
VI. Protecting and Insuring People make choices to protect themselves from the financial risk of lost income, assets, health, or identity. They can choose to accept risk, reduce risk, or transfer the risk to others. Insurance allows people to transfer risk by paying a fee now to avoid the possibility of a larger loss later. The price of insurance is influenced by an individual's behavior.	
1. Probability quantifies the likelihood that a specific event will occur, usually expressed as the ratio of the number of actual occurrences to the number of possible occurrences.	Narrative: Ch. 20 Pg. 396 Insurance Costs
2. Individuals vary with respect to their willingness to accept risk. Most people are willing to pay a small cost now if it means they can avoid a possible larger loss later.	Narrative: Ch. 20 Pg. 392 Risk Management
3. Judgment regarding risky events is subject to errors because people tend to overestimate the probability of infrequent events, often because they've heard of or seen a recent example.	Narrative: Ch. 20 Pg. 396 Insurance Costs
4. People choose different amounts of insurance coverage based on their willingness to accept risk, as well as their occupation, lifestyle, age, financial profile, and the price of insurance.	Narrative: Ch. 20 Pg. 394 Insurance Basics
5. People may be required by governments or by certain types of contracts (e.g., home mortgages) to purchase some types of insurance.	Narrative: Ch. 20 Pg. 394 Insurance Basics

6. An insurance contract can increase the probability or size of a potential loss because having the insurance results in the person taking more risks. Policy features such as deductibles and copayments are cost-sharing features that encourage the policyholder to take steps to reduce the potential size of a loss (claim).	Narrative: Ch. 20 Pg. 394 Insurance Basics
7. People can lower insurance premiums by behaving in ways that show they pose a lower risk.	Narrative: Ch. 20 Pg. 394 Insurance Basics
8. Health insurance provides funds to pay for health care in the event of illness and may also pay for the cost of preventive care. Large health insurance companies can often negotiate with doctors, hospitals, and other health care providers to obtain lower health care prices for their policyholders.	Narrative: Ch. 20 Pg. 403 Health Insurance Activity: Ch. 20 Read and Write
9. Disability insurance is income insurance that provides funds to replace income lost while an individual is ill or injured and unable to work.	Narrative: Ch. 20 Pg. 406 Disability and Long-Term Care Insurance Activity: Ch. 20 Read and Write, Ch. 20 Test Your Knowledge #7
10. Property and casualty insurance (including renters insurance) pays for damage or loss to the insured's property and often includes liability coverage for actions of the insured that cause harm to other people or their property.	Narrative: Ch. 20 Pg. 12 Property Insurance Activity: Ch. 20 Test Your Knowledge #2
11. Life insurance benefits are paid to the insured's beneficiaries in the event of the policyholder's death. These payments can be used to replace wages lost when the insured person dies.	Narrative: Ch. 20 Pg. 407 Life Insurance Activity: Ch. 20 Read and Write
12. In addition to privately purchased insurance, some government benefit programs provide a social safety net to protect individuals from economic hardship created by unexpected events.	Narrative: Ch. 20 Pg. 403 Types of Insurance
13. Loss of assets, wealth, and future opportunities can occur if an individual's personal information is obtained by others through identity theft and then used fraudulently. By managing their personal information and choosing the environment in which it is revealed, individuals can accept, reduce, and insure against the risk of loss due to identity theft.	Narrative: Ch. 21 Pg. 416 Identity Theft
14. Federal and state regulations provide some remedies and assistance for victims of identity theft.	Narrative: Ch. 21 Pg. 420 Victims of Identity Theft