Unit 5: Financial Planning and Literacy

Content Area: **Social Studies**
Course(s):
Time Period: **Marking Period 2**
Length: **2 Weeks**
Status: **Published**

Summary

Students in the Economics course study how society meets unlimited wants with limited resources and how the resulting goods and services are distributed. The curriculum includes a study of principal economic concepts at both the micro and macro levels; fiscal and monetary policy; and how students can act in financially responsible ways. In order to provide students with a comprehensive understanding, current events and real world examples are highlighted as case studies of economic concepts.

This unit is part of the larger aforementioned course sequence and specifically focuses on Financial Planning and Literacy where students will understand that one's financial reputation can impact other aspects of their life, such as buying or renting a home, purchasing a car, or getting approved for a loan; therefore it is extremely important to maintain a positive reputation by paying bills on time, paying off as much as possible, and diversifying credit. Moreover, taking advantage of financial planning strategies such as saving, sound investment strategies, creating a retirement plan, and paying for insurance can set one up for future economic stability. By the end of this unit, students will be able to interpret documents associated with personal finance, explain the benefits of positive personal financial habits such as saving, investing, using credit, and having insurance, and identify the dangers of poor financial planning habits. Students will demonstrate their understanding of personal financial planning by taking part in a financial planning project in which they create a budget as if they were living on their own as a young adult, planning for expenses on a fixed income such as rent, insurance, and other costs of living.

This course fulfills the 2.5 credits in financial literacy coursework required by both Cranford High School and the state of New Jersey for graduation.

Revision Date: August 2023

Standards

9.1.12.CDM.1: Identify the purposes, advantages, and disadvantages of debt.

9.1.12.CDM.3: Determine ways to leverage debt beneficially.

9.1.12.CDM.4: Identify issues associated with student loan debt, requirements for repayment, and

consequences of failure to repay student loan debt.

9.1.12.CDM.5: Identify the types of characteristics of predatory lending practices and the importance of collateral (e.g., payday loans, car title loans, high-risk mortgages).

9.1.12.CDM.6: Compute and assess the accumulating effect of interest paid over time when using a variety of sources of credit. (e.g., student loans, credit cards, auto loans, mortgages, etc.).

9.1.12.CP.1: Summarize how one's credit history can affect finances, including loan terms, employment, and qualifying for loans.

9.1.12.CP.2: Identify the advantages of maintaining a positive credit history.

9.1.12.CP.3: Summarize factors that affect a positive credit rating, including on-time payments, debt versus available credit, length of open credit, and how often you apply for credit.

9.1.12.CP.4: Identify the skill sets needed to build and maintain a positive credit profile.

9.1.12.CP.5: Create a plan to improve and maintain an excellent credit rating.

9.1.12.CP.6: Explain the effect of debt on a person's net worth.

9.1.12.CP.7: Summarize factors that affect a particular credit scoring system.

9.1.12.CP.8: Identify different ways you can protect your credit.

9.1.12.CP.9: Analyze the information contained in a credit report, how scores are calculated and used, and explain the importance of disputing inaccurate entries.

9.1.12.FI.3: Develop a plan that uses the services of various financial institutions to prepare for long term

personal and family goals (e.g., college, retirement).

9.1.12.FP.1: Create a clear long-term financial plan to ensure its alignment with your values.

9.1.12.FP.2: Explain how an individual's financial values and goals may change across a lifetime and the adjustments to the personal financial plan that may be needed.

9.1.12.PB.3: Design a personal budget that will help you reach your long-term and short-term financial goals.

9.1.12.PB.4: Explain how you would revise your budget to accommodate changing circumstances.

9.1.12.PB.5: Analyze how changes in taxes, inflation, and personal circumstances can affect a personal budget.

9.1.12.PB.6: Describe and calculate interest and fees that are applied to various forms of spending, debt and saving.

9.1.12.RM.1: Describe the importance of various sources of income in retirement, including Social Security, employer-sponsored retirement savings plans, and personal investments.

9.1.12.RM.3: Compare the cost of various types of insurance (e.g., life, homeowners, motor vehicle) for the same product or service, strategies to lower costs, and the process for filing an insurance claim.

9.1.12.RM.6: Differentiate the costs benefits and features (e.g., riders, deductibles, umbrella policies) of renter's and homeowner's insurance.

9.2.12.CAP.5: Assess and modify a personal plan to support current interests and postsecondary plans.

9.2.12.CAP.7: Use online resources to examine licensing, certification, and credentialing requirements at the local, state, and national levels to maintain compliance with industry requirements in areas of career interest.

9.2.12.CAP.8: Determine job entrance criteria (e.g., education credentials, math/writing/reading comprehension tests, drug tests) used by employers in various industry sectors.

9.2.12.CAP.10: Identify strategies for reducing overall costs of postsecondary education (e.g., tuition assistance, loans, grants, scholarships, and student loans).

9.2.12.CAP.11: Demonstrate an understanding of Free Application for Federal Student Aid (FAFSA) requirements to apply for postsecondary education.

9.4.12.CI.1: Demonstrate the ability to reflect, analyze, and use creative skills and ideas (e.g., 1.1.12prof.CR3a).

6.2.12.EconGE.6.a: Evaluate efforts of governmental, non-governmental, and international organizations to address economic imbalances, social inequalities, climate change, health and/or illiteracy.

6.3.12.EconGE.1: Participate in a simulated meeting (e.g., President's Council, World Bank, International Monetary Fund (IMF), research evidence from multiple sources about an economic problem (e.g., inflation, unemployment, deficit), and develop a plan of action.

This unit is aligned to the English Language Development (ELD) standards for kindergarten through grade 12 since multilingual learners develop content and language concurrently, with academic content in a classroom where the language of instruction is English. As a result, language learning and language as a means for learning academic content are interchangeable. The following ELD standards are relevant for this unit and course of study:

- Standard 1: Language for Social and Instructional Purposes: English language learners communicate for social and instructional purposes within the school setting.
- Standard 5: Language for Social Studies: English language learners communicate information, ideas and concepts necessary for academic success in the content area of Social Studies.

The standards in this unit reflect a developmental progression across grade levels and make interdisciplinary connections across content areas including the humanities, technology, career readiness, cultural awareness, and global citizenship.

Essential Questions and Enduring Understandings

Essential Questions:

- How can acting in financially responsible ways benefit an individual and the greater community?
- To what extent does early financial planning allow for success later in life?
- How can one invest and manage their money in "smart" ways?

Enduring Understandings:

- One's credit score can impact other aspects of their life, such as buying or renting a home, purchasing a car, or getting approved for a home; therefore it is extremely important to maintain a positive credit score by paying bills on time, paying off as much as possible, and diversifying types of credit.
- Taking advantage of financial planning strategies such as sound investing, saving, creating a retirement plan, and paying for insurance can set one up for future economic stability.

Objectives

Students will know:

- Terms, concepts and individuals (including, but not limited to): Saving, Investment, Credit, Credit Score, FICO, Credit History, Annual Interest Rate, Periodic Rate, Cash Advance, W-2, Revolving Credit, Installment, Subsidized Loan, Unsubsidized Loan, Refund Check, Liability, Collision, Comprehensive, Deductible
- How to contribute towards a savings account through direct deposit.
- Factors that make it difficult or impossible to save for some families and individuals.
- The benefits of having a savings account.
- Tactics to aid in the ability to save.
- Savings should be adjusted based on income and inflation.
- The benefits and detriments of credit use, especially in relation to credit cards.
- The difference between Revolving Credit and an Installment.
- How to read a credit card statement.
- The purpose of a credit score and benefits of having a positive credit score.
- The detriments of having poor credit history.

- The factors that are counted towards a credit score.
- How to compare credit card options to optimize benefits that fit an individual.
- The different types of installment loans such as mortgages, auto loans, and student loans and how they are paid over time.
- How to read a student loan awards letter.
- The difference between unsubsidized and subsidized loans.
- That insurance (car, health, home, renter's, life) is important to protect one and their family against liabilities associated with accidents, mistakes, and unexpected life events.
- One should self assess their financial status and current life situation before buying a home (credit score, job stability, availability of funds, down payment funds, etc.)
- The exemptions claimed on one's W-4 impact their net income.
- The W-2 form must be filed when completing state and federal taxes (as well as sometimes local) before April 15th each year.

Students will be skilled at:

- Interpreting financial forms such as W-2s, W-4s, Credit Card Statements, and FAFSA Awards letters.
- Filling out a W-4 form.
- Understanding what financial tools can be used to help one beat inflation.
- Explaining the benefits and detriments of credit.
- Explaining how to maintain a positive credit score and history.
- Creating realistic savings plans based on individual lifestyle.
- Analyzing the benefits of insurance.
- Comparing different retirement plans and analyzing the benefits of plans.
- Creating a long term financial plan that meets individual goals.
- Creating a budget based on fixed income and cost of living.
- Analyzing the challenges to saving, especially when first starting to live independently.

Learning Plan

This unit includes, but is not limited to, the following learning strategies:

Savings Tips Reflection: Students will analyze their current spending habits as well as savings tips. Students will set realistic goals for their own savings based on their consumer behavior. Students will reflect on the most significant challenges to saving and easy ways to start improving their own savings habits.

Analyzing Credit Card Options: Students will compare and contrast beginner credit cards that they may apply for in the future to assess how credit card companies offer benefits, penalties that come with certain credit cards, and the credit scores necessary for obtaining a credit card. Students will reflect on which credit cards are best for beginners and highlight the dangers that could arise if one does not manage their credit card use.

Reading a Credit Card Statement: Students will analyze how to read a credit card statement by assessing balance, minimum payments, APR, Periodic Rates, and Cash Advances. Students will advise the credit holder on how they should pay their current bill and how to use their card in the future based on class discussion of credit use.

Credit, Explained Video Analysis: Students will watch a video on credit to learn about the significance of having a good credit score, the ways in which credit card companies can take advantage of consumers, and the importance of paying your bill on time. Students will reflect on how to best manage one's credit and avoid lowering one's credit score.

Analyzing Tax Forms: Students will examine sample W-2s and W-4s to analyze how one fills out a tax form prior to employment and once they are employed. Students will note how taxes are taken out of one's income and how they determine the amount of taxes to be taken out of one's income.

How to Pay for College: Students will first analyze a student loans awards letter to identify subsidized and unsubsidized loans and how interest is accrued. Students will then research scholarship options offered either through the high school, college of interest, or other third-party scholarship offers to examine ways to mitigate the cost of college.

Insurance Trade Offs: Students will examine how various forms of insurance, specifically auto and health insurance, provide protection for individuals as well as the costs of insurance. Students will reflect on the trade offs and opportunity costs of different forms of insurance, and how paying for insurance can help in the case of an emergency or accident.

Note: Other strategies to address the learning objectives may include, but are not limited to direct instruction, source analysis (including annotations, critique, questioning and close reading strategies), self and peer review, think-pair-share activities, creating visual representations, debates, film analysis, Socratic seminars,

small group discussions, simulations, jigsaw activities, gallery walks, web quests, and/or inquiry or problem based learning projects.

Assessment

When taking a Social Studies course, students demonstrate differentiated proficiency according to their ability to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative Assessments:

- Do Nows
- Exit Slips
- Classwork/Homework
- Credit Video Analysis
- Savings Tips Reflection
- Insurance Trade Offs

Summative Assessments:

- Financial Planning Project: Students will imagine that they are 22 years old trying to live on their own for the first time. Students will research a potential career they are interested in and the starting salary, student loan costs, insurance, rent, transportation costs, food costs, and additional expenses that they will face once living independently. Students will create a budget and reflect on the challenges of saving, the importance of creating a budget, and note key takeaways for when they do live on their own.

Alternative Assessment:

- Financial Literacy in the Real World Portfolio: Students must find personal or present day connections to ten financial literacy topics and principles related to the unit, providing evidence to how it reflects the stated principles and explaining the significance of the topic.

Materials

The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web

content and media sources are infused into the unit as applicable and available In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: Core Book List.

The following are approved resources that teachers can include to further unit related objectives:

Next Gen: Credit Agreements

Next Gen: Paying for College

Next Gen: Managing Credit

Money, Explained: Credit (Netflix)

Credit Card Comparison Tool

Federal Reserve of Atlanta: Making Finance Personal (Lessons and Activities)

Student Loan Repayment Calculator

Budgeting Quick Quiz

Investopedia: How to Fill Out a W-4

Principles of Economics (2nd edition) - online ebook from Rice University's openstax exchange

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

Suggested Strategies for Modification

This link includes content specific accommodations and modifications for all populations:

https://docs.google.com/spreadsheets/d/1Pp6EJOCsFz5o4-opzsXpQDQoa6aClW-bkRGPDRHXVrk/edit?usp=sharing

These additional strategies are helpful when learning Social Studies content and skills:

- Bolded terms in directions.

- Reading texts aloud for students to assist in comprehension and analysis.
- Providing opportunities for text-to-speech for written responses.
- Use visual presentations of all materials including graphic organizers for written components.
- Provide step-by-step instructions for economic problems that require problem solving, calculation or graphing.
- Modeling of practices to support student understanding.