

01_ Unit 1: Financial Psychology

Content Area: **Financial Literacy**
Course(s):
Time Period: **Cycle**
Length: **8 - 9 Lessons**
Status: **Published**

General Overview, Course Description or Course Philosophy

Financial Literacy 8

Financial Literacy will provide students with the knowledge and information necessary for making sound financial decisions. During the eighth grade, students will focus on "Financial Health" which is broken down into two sub-units entitled "Financial Psychology" and "Civic Financial Responsibility" and "Risk Management and Insurance".

OBJECTIVES, ESSENTIAL QUESTIONS, ENDURING UNDERSTANDINGS

Unit Summary:

Financial wellbeing includes understanding how emotions, peer influencers, advertising, personal money habits, financial decision-making processes, lifestyle choices, and personal financial values influence choices that are made involving finances. In addition, it includes topics that relate to planning and aligning career opportunities and possible entrepreneurial objectives with financial goals.

Essential Question(s):

- Which psychological factors will impact or influence one's financial wellbeing?

Enduring Understanding(s):

- An individual's values and emotions will influence the ability to modify financial behavior (when appropriate), which will impact one's financial wellbeing.
- Marketing techniques are designed to encourage individuals to purchase items they may not need or want.

CONTENT AREA STANDARDS

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| PFL.9.1.8.FP.1 | Describe the impact of personal values on various financial scenarios. |
| PFL.9.1.8.FP.2 | Evaluate the role of emotions, attitudes, and behavior (rational and irrational) in making financial decisions. |
| PFL.9.1.8.FP.3 | Explain how self-regulation is important to managing money (e.g., delayed gratification, impulse buying, peer pressure, etc.). |
| PFL.9.1.8.FP.4 | Analyze how familial and cultural values influence savings rates, spending, and other financial decisions. |
| PFL.9.1.8.FP.5 | Determine how spending, investing, and using credit wisely contributes to financial well-being. |
| PFL.9.1.8.FP.6 | Compare and contrast advertising messages to understand what they are trying to accomplish. |
| PFL.9.1.8.FP.7 | Identify the techniques and effects of deceptive advertising. |

RELATED STANDARDS (Technology, 21st Century Life & Careers, ELA Companion Standards are Required)

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| PFL.9.1.K12.P.2 | Attend to financial well-being. |
| PFL.9.1.K12.P.5 | Utilize critical thinking to make sense of problems and persevere in solving them. |
| PFL.9.1.K12.P.8 | Use technology to enhance productivity increase collaboration and communicate effectively. |
| LA.RI.6.7 | Integrate information presented in different media or formats (e.g., visually, quantitatively) as well as in words to develop a coherent understanding of a topic or issue. |
| LA.RI.6.10 | By the end of the year read and comprehend literary nonfiction at grade level text-complexity or above, with scaffolding as needed. |
| LA.W.6.4 | Produce clear and coherent writing in which the development, organization, voice and style are appropriate to task, purpose, and audience. (Grade-specific expectations for writing types are defined in standards 1–3 above.) |
| TECH.8.1.8.A.1 | Demonstrate knowledge of a real world problem using digital tools. |
| TECH.8.1.8.B.CS2 | Create original works as a means of personal or group expression. |

STUDENT LEARNING TARGETS

Declarative Knowledge

Students will understand that:

- Inner, social, physical, and financial values drive one's financial behaviors.

- Strong inner values translate to trusting one's gut or following the inner voice, which can give the person the resourcefulness to overcome a sudden money crunch.
- Strong feelings of autonomy and security help us feel in charge of our lives, which can translate to more confidence in financial transactions.
- How we handle money is, in part, tied up in our unique family histories.
- Habits and cultural preferences we learn early from our families and other social relationships influence later money habits.
- Sometimes we unconsciously "act out" in our adult money habits in response to messages received in childhood.
- Strong physical values might translate to overspending on material possessions if left unchecked, but physical values also show up in our desire for quality. This person is willing to spend more for craftsmanship and design.
- A person with strong physical values also might prioritize getting more insurance to protect their valuables, and might spend more than others on home and self-care (e.g., gym memberships, beauty treatments, dry cleaning, interior design). This is not felt to be frivolous, but to protect his or her investment.
- Those with strong financial values likely think more about the sustainability of their money and generally have more in reserve.
- When one does not have a strong concern about the appropriateness of their purchases, he or she might be less prepared for financial emergencies.
- People with strong financial values can be great financial educators, both professionally and personally.
- Financial advisors suggest that one way to budget your money is using the 50-30-20 method. 50% of one's net income is budgeted for needs, 30% is budgeted for wants and 20% is budgeted for saving.
- When using the 50-30-20 method, financial advisors recommend "paying yourself first" and putting your 20% savings away immediately before you spend money elsewhere.
- The 50-30-20 budget method will require a person to use self-regulation (Self-regulation is the ability to control one's behavior, emotions, and thoughts in the pursuit of long-term goals).
- Spending, investing, and using credit wisely contributes to financial well-being.
- Companies, sales people, and advertisers may use one of the following techniques to get you to use, buy or invest in their product: authority, scarcity, reciprocity, commitment and consistency, social proof, and/or liking.
- Authority bias is the tendency to attribute greater accuracy to the opinion of an authority figure (unrelated to its content) and be more influenced by that opinion.
- Scarcity bias means we assume things that are scarce are valuable and things that are abundant are not.
- Reciprocity bias describes the impulse to reciprocate actions others have done towards us.
- The commitment and consistency bias refers to the idea that people will do as much as possible to appear consistent about their words and actions.
- Social proof bias means we see, react, and follow others when making financial decisions, "Everyone else is doing it".

- Liking bias means we will buy, use, and invest in a product or person if we like them.
- Deceptive advertising may lose the trust of the consumer.

Procedural Knowledge

Students will be able to:

- Identify and describe personal, familial, and cultural values.
- Identify and describe various money personalities.
- Describe the impact of personal values on various financial scenarios.
- Evaluate the role of emotions, attitudes, and behavior (rational and irrational) in making financial decisions.
- Analyze how familial and cultural values influence savings rates, spending, and other financial decisions.
- Describe the 50-30-20 budget method.
- Define self-regulation.
- Determine how spending, investing, and using credit wisely contributes to financial well-being.
- Identify and describe the six ways of influence.
- Compare and contrast advertising messages to understand what they are trying to accomplish.
- Identify the techniques and effects of deceptive advertising.

EVIDENCE OF LEARNING

Formative Assessments

For this unit, formative assessments may include:

- observation
- one-on-one
- questioning
- graphic organizers

- anecdotal notes
- exit tickets

Summative Assessments

For this unit, summative assessments may include:

- graphic organizers
- homework
- culminating activity

RESOURCES (Instructional, Supplemental, Intervention Materials)

[Next Gen Personal Finance](#)

All lessons and resources can be accessed via this website. "Click" Curriculum and reference the "Units" and "Middle School" Tabs

<https://njaes.rutgers.edu/money/pdfs/lesson-plans/DoE-Lesson-Plan-21-Philanthropy-Volunteerism-and-Charity.pdf> - Philanthropy, Volunteerism, and Charity lesson plan

INTERDISCIPLINARY CONNECTIONS

English/Language Arts - implementation of conventions of Standard English

Technology/Multi-Media - Audio/visual media analysis

Math - computations

Visual and Performing Arts - debate

Social Studies - ethics

ACCOMMODATIONS & MODIFICATIONS FOR SUBGROUPS

See link to Accommodations & Modifications document in course folder.