



FINANCIAL LITERACY STANDARDS

Arkansas Adult Education



JULY 1, 2020



**ARKANSAS ADULT EDUCATION
FINANCIAL LITERACY STANDARDS**



Financial Literacy Vocabulary

Amortization	Coverage Limit	Fixed Expenses	Net income	Share Draft Account
Annual Fee	Credit	Fraud	Open-ended credit	Social security
Annual Percentage Rate (APR)	Credit Card	Front-end load	Opportunity Cost	Spending
Annual Percentage Yield (APY)	Credit Limit	Grace Period	Origination Fee	Stock
Appreciation	Creditworthiness	Gross Income	Payroll deductions	Stock Market
Assets	Credit rating/score	High balling	Pay Yourself First (PYF)	Taxes
Automated Teller Machine (ATM)	Credit report	Identity Theft	Personal Identification Number (PIN)	Time value of money
Back-end load	Credit Union	Implied warranty	Philanthropy	Traveler's check
Bait and switch	Debit Card	Impulse purchase	Phishing	Variable Expenses
Bank Bankruptcy	Debt.	Income	Points-mortgage	Wants
Bond Borrower	Deductible	Information processing	Predatory lending	Wealth-building
Budget	Delayed Gratification	Insurance	Profit	Withholding
Capacity Capital	Depreciation	Insurance premium	Principal	Yield
Capital Gain	Diversification	Installment plan	Resources	
Capital Loss	Dividend	Interest	Rate of return	Cost/benefit analysis
Cash Flow	Dollar Cost Averaging	Investment	Return	Risk/reward relationship
Certificate of deposit (CD)	Earned Interest	Late Fee	Reverse mortgage	Minimum payment
Character	Employee benefits	Lender	Revolving credit	Finance charges



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Check Checking Account	Endorse	Liabilities	Risk management	Share Draft Account
Compound interest	Expense	Liquidity	Risk tolerance	Money market account
Compounding, or compound interest, Rule of 72	Financial plan, financial planning	Loan sharks.	Savings	Financial institutions
Consumer advocates	FICO score	Loan Term	Savings Account	Share Account

Preparing For Employment and Income	Content Standard 1: Explore employment obtainment, retention, and benefits including income	
	1.1 Types of Income	a) Differentiate types of income including, but not limited to wages, salaries, commissions, interest received, dividends, business income, and capital gains.
	1.2 Understanding Paychecks	a) Recognize elements of a paycheck including, but not limited to gross and net income; overtime pay; deductions such as federal income taxes, state income taxes, FICA taxes (Social Security and Medicare), and other optional deductions such as health insurance and retirement. Investigate how a paycheck differs for those employed and independent contractors (1099).
		b) Determine various payment methods.
		c) Complete forms I-9 and W-4 and analyze the correlation to employment and income.
	1.3 Employment Benefits	a) Examine types of employment benefits including but not limited to housing, insurances, retirement benefits, daycare, sick leave, vacation, and complete work-related forms.
	1.4 Job Seeking Skills	a) Identify best practices in resume building and interview skills to increase employment obtainment opportunities.
	1.5 Decision Making and Employment Choices	a) Develop a process to explore career opportunities in addition to comparing and contrasting factors such as income, employment benefits, training required, demand, and potential growth.
1.6 Soft Job Skills	a) Develop critical thinking, interpersonal, communication, and time management skills.	
	b) Demonstrate personal qualities of professionalism such as responsibility, flexibility, and integrity that will meet employer expectations.	
	c) Resource: Arkansas Adult Education Employability Skills	



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Money Management	Content Strand 2: Investigate budgeting tools, insurances, banking practices, and charitable giving to determine strategies for successful financial planning.	
	2.1 Household Budget	a) Construct and define the purpose of a household budget including the following components: housing, food, utilities, transportation, clothing, personal expenses, insurances, household expenses, saving, and recreation.
	2.2 Banking Practices	a) Explore advantages, opening processes, and maintaining processes of the following banking services: checking, savings, and investment accounts.
		b) Explore the disadvantages and cost of over drafting.
	2.3 Insurance	a) Discuss the importance of insurance, and analyze different types of insurance, including but not limited to: auto, health, homeowner, rental, property, supplemental, and life insurance
		b) Examine various types of auto insurance and the relationship between coverage and the cost of different policies.
2.4 Charitable Giving	a) Identify the methods and advantages of charitable giving in terms of finance.	
2.5 Long Term Financial Planning	a) Investigate planning strategies for retirement (pension plans, 401Ks, IRAs, Roth IRAs, Social Security), analyzing their differences, the rules, and regulations that govern their use, and the advantages and disadvantages of each.	
	b) Discuss the purpose of wills and the importance of estate planning, with emphasis on the probate process, the risks of being intestate, and inheritance taxes.	

	Content Standard 3: Analyze saving and investing methods and regulation of in terms of risk and return on investment.	
	3.1 Methods of Saving and Investing	a) Explain how to best meet a financial goal through exploration of various saving and investing tools such as annuities, bonds, money market funds, mutual funds, real estate, stocks, certificates of deposit, focusing specifically on liquidity, interest rates, term length.
		b) Determine the purpose of diversification.
		c) Compare rates of return of a variety of different investments and speculate on the amount of risk each of the methods entails.
Resources	<ul style="list-style-type: none"> • The Basics of Saving and Investing • Saving and Investing 	Investing Lesson Plans



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Saving and Investing	3.2 Retirement Planning	a) Explain and evaluate the importance of planning for retirement. b) Understand the fundamentals related to saving for retirement and investing such as return on investment, compound interest, and planning for different rates of savings. c) Resource 1 d) Resource 2
	3.3 Risk and Return	a) Explain the relationship between risk and return in terms of the nominal interest rate and the rate of inflation. Describe different types of financial risk.
		b) Analyze a saving or investing scenario to identify financial risk. Evaluate various financial assets to identify potential risks and rewards.
	Resources	c) Resource 1 d) Resource 2
3.4 Regulation of Savings and Investment	a) Explain the role that government agencies charged with regulating financial institutions play in helping to protect the safety, soundness, and legal compliance of the nation's banking system.	



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Spending and Credit	Content Standard 4: Evaluate types of spending and credit in terms of cost and risk to determine strategies for successful management of debt and credit.	
	4.1 Basic Consumer Finance	a) Determine how factors affect purchasing through the use of installment buying with a focus on, but not limited to, credit score, down payment, collateral, APR, hidden costs.
		b) Identify available resources that provide credit score information and determine the advantages of monitoring the score.
	4.2 Identity Fraud and Theft	a) Determine types of fraud and identity theft.
		b) Identify strategies for protection for consumers through exploration of agencies and consumer protection laws.
	4.3 Homeownership	a) Compare and contrast renting a home versus owning a home in terms of cost with a focus on the following factors: maintenance, taxes, insurance.
		b) Analyze the factors that determine/influence mortgage costs such as down payment, credit rating, term length, interest rate.
	4.4 Credit Management	a) Analyze sources of credit to determine the advantages and disadvantages of each through the calculation of actual costs associated, the process for obtaining, and risk associated, including, but not limited to credit cards, student loans, and cash advances.
	4.5 Debt Management	a) Define debt.
		b) Analyze and explain strategies for dealing with debt, and create a budget based on given data using discretionary income.
Resources	c) Debt Management Lesson Plan	
4.6 Bankruptcy	a) Compare and contrast the types of bankruptcy and implications of each.	
4.7 Consumer Protection	a) Research consumer protection information at the local, state, and federal level.	
	b) Identify resources available to consumers.	