



General Financial Literacy Teaching Tips

STANDARD 1

This guide is intended to help teachers gain a clear understanding of the General Financial Literacy standards and objectives.

Background Knowledge:

Standard 1 is a unique standard. Standard one addresses the emotion, behavior, desires, and attitudes associated with money. As a teacher, please realize that your students are coming from a wide spectrum of experience on the topic. Some may have experienced bankruptcy, others may get hundreds of dollars a week for doing nothing. As these topics and emotions surface in class, be positive and guide students to a place in the future, where they want to be financially. Remind them that the financial choices they make today will follow them forever. It is most beneficial to the students to integrate the concepts presented in this standard into all other standards in the class.

A person's beliefs about money are major forces that guide his or her spending decisions. As consumers, we usually spend our money on the things that are important to us, reflecting our values. A value is something that is very important to a person. A person may value security, being popular, freedom, family, or friends. Values are not usually good or bad, but important to the individual they belong to. Our values are formed by our life experiences, so as life progresses, our values change. Whatever a person values will influence how they spend their money.

Standard 1 is about financial planning. Various issues "affect the financial planning process: your values influence your needs and goals; the decisions you make affect your goals; spending money on your wants may limit meeting your needs; and all of this is your personal financial responsibility." (NEFE)

A financial plan serves as a roadmap in guiding a person through their financial life. It includes items such as a budget, saving plan, retirement plan, and goals. It is critical that students begin thinking of all financial aspects, even retirement, NOW!! It is never too early to start being smart with money. With time on their side, they have something most adults do not have.

How do I make a financial plan?

1. Determine the current financial situation.
2. Develop financial goals.
3. Identify all options.
4. Evaluate alternatives.
5. Create and use a financial plan of action.
6. Review and revise the plan.



Financial goals are essential in creating a financial plan. Goals help people visualize where they want to be in the future and identify the steps that must be take to get there. By definition, a goal is a written statement of something a person wants or needs to accomplish. Goals should be Specific, Measurable, Attainable, Realistic, and Time-bound (SMART). By addressing each of the areas of a SMART goal, students can carve out a path that will guide them to financial success. A goal is more than a wish. It has to address all of the obstacles that may defeat them.

Financial behavior is influenced by our society, our culture, emotions, financial resources, peer pressure, scarcity, wants, and needs. Advertising, marketing, and the media can also greatly influence our financial behavior. Have you ever noticed that the milk is in the back of the store so shoppers have to browse other aisles to get to it? Have you noticed that the bread and milk are miles away? Have you noticed that parents of small children have to stand waiting surrounded by candy in the check out lane? Have you noticed that stores start playing Christmas music in August? These are all strategies used to influence financial behavior.

When a person wants something that is the new trend it can sometimes become hard to find, such as a Cabbage Patch Kid in the 80s. This forces the price to go up. As the price goes up, consumers are forced to weigh the want with their needs. Is this want worth giving up my needs? A want is something that simply increases the quality of living. A need is a basic of life, like food, water, and shelter. Scarcity is an economic principle stating that because of limited resources, an economic system cannot possibly produce all the goods and services that people want; therefore, choices must be made about how the limited resources will be used.

There are consequences to most choices, and money is no different. That is why the decision making process is helpful. One way to teach this is a simple T chart. Have students think of a decision they need to make and list the words PROS and CONS at the top. As they list the pros and cons, it becomes clear which decision they should make.

Quizzes:

- **Standard 1 - Objective 1 Quiz** (doc)
- **Standard 1 - Objective 2-3 Quiz** (doc)
- **Key to All Quizzes** (pdf)

Terms:

- **Financial Goals**
- **Decision making**
- **Financial Planning**
- **Values**
- **Scarcity**
- **Wants**
- **Needs**



Attention Getters/Hooks:

- Play Shania Twain's song Ka-Ching! Have students write down three words that describe how they feel or words that come to their mind while listening.
- Give the students a math problem such as $12,486,344 - 11,432,997$. Tell them the first person to find the answer will get \$100 (fake money, of course). Everyone will start writing and figuring the answer. After someone wins, discuss how people do crazy things (eat bugs, jump off buildings, etc.) for money and how it motivates behavior, both good and bad.
- Have students think about their first experiences with money. Discuss how the influences and people around us can determine our habits and attitudes about money. Point out that people can consciously change negative spending behavior to positive spending behavior.