

Personal Financial Management

State Board of Education

April 14, 2009



Challenges and Consequences

- Many young people struggle in the management of their first consumer credit experience, establish bad financial management habits, and stumble through their lives learning by trial and error.

Michigan Content Expectations

- Basic personal financial management skills are attained during the K-12 educational experience.
- Personal Finance expectations should be included in high school economics and other elementary, middle, and high school courses.

Personal Finance Management Skills

- Earning
- Spending
- Saving
- Borrowing
- Investing

Personal Finance for High School Students

Describe and demonstrate how the economic forces of scarcity and opportunity costs impact individual and household choices.

- **4.1.1 Scarcity and Opportunity Costs** – Apply concepts of scarcity and opportunity costs to personal financial decision making.
- **4.1.2 Marginal Benefit and Cost** – Use examples and case studies to explain and evaluate the impact of marginal benefit and marginal cost of an activity on choices and decisions.
- **4.1.3 Personal Finance Strategy** – Develop a personal finance strategy for earning, spending, saving and investing resources.

Personal Finance

- **4.1.4 Key Components of Personal Finance** – Evaluate key components of personal finance including, money management, saving and investment, spending and credit, income, mortgages, retirement, investing (e.g., 401K, IRAs), and insurance.
- **4.1.5 Personal Decisions** – Use a decision-making model (e.g., stating a problem, listing alternatives, establishing criteria, weighing options, making the decision, and evaluating the result) to evaluate the different aspects of personal finance including careers, savings and investing tools, and different forms of income generation.
- **4.1.6 Risk Management Plan** – Develop a risk management plan that uses a combination of avoidance, reduction, retention, and transfer (insurance).

Assessment

- Personal Finance will be part of the model Secondary Credit Assessments for Economics

2002 Legislative Requirement

- PA 111 required MDE in section 1165 to “develop and make available to schools one or more model programs for youth financial education.”
- A resource was created and can be accessed at michigan.gov/socialstudies

2008 Legislative Changes

- The Revised School Code was amended to allow financial literacy as described in section 1165 to count toward the fourth mathematics credit under section 1278a, requirements for Michigan high school diploma.

Personal Financial Resources

- Updating to reflect the following:
 - Jump Start Coalition national criteria for selecting financial literacy materials
 - Content expectations
 - New materials produced since 2002
 - Support for the fourth mathematics related credit

Financial Literacy Advisory Group

- Represent business, banking, and education
- Update the current on-line resources for teachers
- Identify new financial literacy resources
- Assist MDE with marketing the financial resources

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