

# MONEYWISE

VALUING PEOPLE. VALUING MONEY.

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## THIS MONTH'S TOPIC:

### WHAT EVERY HIGH SCHOOL GRADUATE SHOULD KNOW ABOUT FINANCES

Graduating Kentucky seniors will soon have a better understanding of financial literacy. They will learn how to effectively use financial resources, knowledge, and skills to enjoy a lifetime of financial well-being. Beginning with the 2020-2021 school year, students entering ninth grade are required to complete new financial literacy standards before graduation. These requirements cover six areas of financial literacy: (1) Careers, Education and Income; (2) Credit and Debt; (3) Decision Making and Money Management; (4) Saving and Investing; (5) Money and the Economy; and (6) Insurance and Risk Management.

Officials designed the standards to better prepare students for their transition into adulthood. However, learning about money begins at a much earlier age. Knowing this, Kentucky schools begin teaching financial literacy skills in kindergarten, with additional benchmarks set at fourth grade, eighth grade, and 12th grade.

Whether you're a high school senior or a senior citizen, look at the skills below. Test your financial literacy knowledge against the new Kentucky graduation standards. *Are you financially smarter than a 12th grader?*

#### CAREERS, EDUCATION AND INCOME

- Identify how your career choice affects your financial life.



- Understand how economic conditions affect income and career opportunities.
- Evaluate the cost and funding sources for education or training, including knowledge of the FAFSA process.
- Analyze components of employment compensation (e.g., salary, benefits, retirement).
- Determine your net income and what affects it, such as taxes.

#### CREDIT AND DEBT

- Understand credit management (e.g., credit reports, score) and bankruptcy.
- Explain the costs/benefits of using credit and elements for "creditworthiness" (i.e., character, capacity, capital, collateral, and conditions).
- Identify advantages and disadvantages of different types of credit (e.g., secured, unsecured, loans, revolving).





## DECISION MAKING AND MONEY MANAGEMENT

- Analyze how to make a financial decision.
- Use formal decision-making models for financial decisions (e.g., PACED).
- Identify the components of a basic personal budgeting process.
- Recognize types of financial institutions, their products, and services (e.g., COD, checking and savings).
- Show how to use different payment methods.
- Know the different types of financial professionals and the risks and benefits of each (e.g., CPA, CFP).

## SAVING AND INVESTING

- Understand the time value of money, inflation, and opportunity costs.
- Evaluate investment options and alternatives (e.g., traditional vs. IRAs, mutual funds, stocks).
- Explain investment strategies (i.e., risk vs. rewards, risk tolerance, diversification).

## MONEY AND THE ECONOMY

- Describe the role and function of money in society, as well as supply and demand.
- Explain the functions of government taxation.

- Know the role of the government in social programs (e.g., unemployment insurance, Medicare, Medicaid, Social Security).
- Identify the role of regulatory agencies (e.g., Federal Reserve, FDIC, FINRA, IRS).

## INSURANCE AND RISK MANAGEMENT

- Identify common types of risk management strategies (e.g., insurance, legal contracts, emergency funds, estate planning).
- Analyze costs/benefits of insurance types (e.g., liability, property, health, life, homeowners).
- Describe strategies to protect your financial information from fraud and identity theft.

Know that it's never too early or too late to invest in your financial future and improve your knowledge of personal finances. Learn more about Kentucky Financial Literacy Standards, along with resources to help you increase your financial literacy skills at <https://education.ky.gov/curriculum/conpro/Pages/FinLit.aspx>.

## REFERENCE:

Kentucky Department of Education. (2019). Kentucky Academic Standards: Career Studies.

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