

# “Financial Literacy” Course Outline

## Maryland, USA

### UNIT 1—INCOME AND PURCHASING

The purpose of this unit is to develop the concepts of income and purchasing. Class discussions should include gross versus net pay, buying power, inflation, and wise consumer decision-making skills.

#### ***Objectives for Unit 1 – Income and Purchasing***

1. Compute individual incomes, based on given hourly rates, overtime, commissions, tips, piecework compensation, and annual salary.
2. Compute tax withholding and other payroll deductions to determine net earnings.
3. Interpret a paycheck stub.
4. Identify fringe benefits associated with different occupations.
5. Compute and compare unit prices of items.
6. Compute sales tax on purchases.
7. Compute rates and amounts of discounts.
8. Identify consumer decision-making skills with attention given to possible gyms and frauds.
9. Identify the essential elements of a contract.
10. Identify avenues for consumer protection.

## **UNIT 2—CREDIT**

This unit is designed to help students compare various credit costs, determine advantages and disadvantages of using credit in order to become discerning consumers.

### ***Objectives for Unit 2 – Credit***

1. Describe terms related to credit.
2. Describe the various types of credit plans.
3. Identify the credit laws that protect the consumer.
4. Analyze and compare various credit card applications.
5. Define the functions of a credit bureau.
6. Compute the interest on various types of loans.
7. Compare the costs of credit on various loan agreements.
8. Compute the finance charges on various types of credit purchases.
9. Interpret statements of credit card accounts.
10. List advantages and disadvantages of credit buying.

## **UNIT 3—OWNING AND OPERATING AN AUTOMOBILE**

This unit is designed to help students evaluate the factors to consider when buying (new or used) or leasing a car, as well as the overall cost involved. The student will learn how to get a Maryland driver's license, how to buy a car, how to finance its purchase, and how to insure it. Leasing vs. purchase will be compared.

### ***Objectives for Unit 3 – Owning and Operating an Automobile***

1. Compute expenses involved in purchasing and financing an automobile.
2. Compute fuel consumption and cost for operating an automobile
3. Compute maintenance and depreciation costs for an automobile.
4. Distinguish among the types of auto insurance and compute the benefits paid for specific situations.
5. Identify the factors that affect the cost of automobile insurance and compute the premiums based on given factors.
6. Compute and compare the cost of renting and leasing an automobile.

## **UNIT 4—BANKING**

This unit explores personal banking options. Suggested projects are: comparison of local banking services and a simulation of six months of writing checks and reconciling bank statements.

### ***Objectives for Unit 4 – Banking***

1. Identify and discuss the different services provided by a financial institution (ATMs, safe deposit boxes, saving accounts, checking accounts, saving bonds, CDs, etc.).
2. Distinguish among various financial institutions (banks, savings and loan associations, and credit unions).
3. Complete deposit, withdrawal, and transfer slips.
4. Identify the various sections of a check and write a check register.
5. Maintain and reconcile a checkbook register.
6. Compute checking account service charges (cost for returned checks, insufficient funds, balance below a certain level, etc).
7. Solve problems involving simple and compound interest.
8. Describe the major functions of the Federal Reserve System.

## **UNIT 5—INVESTMENTS**

This unit explores various ways that money might be invested. Suggested topics include: stocks, bonds, CDs, IRAs, and annuities.

### ***Objectives for Unit 5 – Investments***

1. Describe the organizational structure of a corporation.
2. Distinguish among the characteristics of stocks, bonds, and mutual funds.
3. Interpret and analyze stock and bond quotations from a newspaper or other source.
4. Compute brokerage fees and profit or loss for stock transactions.
5. Identify dividends and interest on securities.
6. Describe various types of investment plans, such as CDs, IRAs, annuities, etc.

## **UNIT 6—INCOME TAXES**

This unit is based primarily on the "Understanding Taxes" materials available from the IRS. Teachers will want to cover the 1040 EZ, 1040 A, and 1040 forms with Schedules A and B. The Maryland tax forms should also be reviewed.

### ***Objectives for Unit 6 – Income Taxes***

1. Collect and organize data relevant to preparation of income tax forms.
2. Interpret the wage and tax statement (form W-2)
3. Describe the history and function of the federal income tax and Social Security system.
4. Compute the amount of Social Security taxes, given specific income.
5. Identify factors that determine the specific tax form that a taxpayer should use (1040EZ, 1040A, and 1040).
6. Prepare federal tax forms 1040EZ, 1040A, and 1040.
7. Identify categories of allowable expenditures that may be included as itemized deductions on Schedule A of form 1040.
8. Prepare Maryland tax forms.

## **UNIT 7—HOUSING**

This unit explores the many things that need to be considered before making important decisions concerning housing. Its primary focus is the costs associated with buying a home. Budgeting may be reviewed in conjunction with housing, but it is covered in full in Unit 9. Pros and cons of living at home, living in a dorm or apartment, sharing a house, renting a room or an entire house, or buying a house may be discussed.

### ***Objectives for Unit 7 – Housing***

1. Compare various types of housing.
2. Identify terms related to housing.
3. Identify the obligations inherent in a lease.
4. Identify the advantages and disadvantages of owning a home.
5. Identify the different types of mortgages available.
6. Interpret mortgage tables to compute mortgage payments and interest.
7. Determine the total amount of interest charged on a mortgage for a specific number of years.
8. Compute the total closing costs on the purchase of a home.
9. Compare costs and coverages of property insurance.
10. Compute assessed value and property tax.
11. Interpret tables and meters to determine the cost of utilities.

## **UNIT 8—INSURANCE**

This unit examines the various types of insurance. Emphasis is on life and health insurance. Homeowner’s insurance and automobile insurance should have been covered in previous units.

### ***Objectives for Unit 8 – Insurance***

1. Identify terms related to life and health insurance.
2. Identify factors that determine the cost of insurance.
3. Describe and distinguish the features of different types of life insurance.
4. Compute premiums associated with the different types of life insurance.
5. Describe the types of health insurance coverage.
6. Compute health insurance premiums.
7. Describe different types of special and social insurance (Disability Insurance, Social Security, Workman’s Compensation, Unemployment Insurance, etc.)

## **UNIT 9—BUDGETING**

This unit is designed to identify types of expenses and how they affect budgets. The student will construct a budget based on fixed and variable expenses. The unit can be used to show how a budget reflects changes in expenses.

### ***Objectives for Unit 9 – Budgeting***

1. Identify expenses that will affect budgets.
2. Determine a budget using total fixed monthly expenses, total variable monthly expenses, and total monthly expenses.
3. Compute a budget by finding the percent of net monthly income for each budget item.
4. Determine a budget that reflects changes in expenses.