

# Personal Finance and Economics (2021): Grades 9, 10, 11, 12

Adopted 2021

## Fundamentals of Economic Decision-Making

### **SSEF1. Analyze how scarcity affects the choices of individuals, businesses, and governments.** SSEF1

- a. Explain that scarcity is a basic, permanent condition that exists because unlimited wants exceed limited productive resources. SSEF1.A
- b. Compare and contrast strategies for allocating scarce resources such as by price, majority rule, contests, force, sharing, lottery, authority, first-come-first-served, and personal characteristics. SSEF1.B
- c. Define and give examples of productive resources (i.e factors of production): natural resources (i.e land), human resources (i.e labor and human capital), physical capital and entrepreneurship. SSEF1.C
- d. Apply the concept of opportunity cost (the forgone next best alternative) to personal choices, as well as business and government decisions. SSEF1.D

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### **SSEF2. Give examples of how rational decision-making entails comparing the marginal benefits and the marginal costs of an action.** SSEF2

- a. Explain that rational decisions occur when the marginal benefits of an action equal or exceed the marginal costs. SSEF2.A
- b. Explain that individuals, businesses, and governments respond to positive and negative incentives in predictable ways. SSEF2.B

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### **SSEF3. Analyze how economic systems influence the choices of individuals, businesses, and governments.** SSEF3

- a. Analyze how command, market and mixed economic systems answer the three basic economic questions (what to produce, how to produce, and for whom to produce) to prioritize various social and economic goals such as freedom, security, equity, growth, efficiency, price stability, full employment, and sustainability. SSEF3.A
- b. Compare the roles of government in different economic systems with regards to providing public goods and services, redistributing income, protecting property rights, resolving market failures, regulation and providing consumer protections. SSEF3.B

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**SSEF4. Analyze factors that influence the standard of living of individuals and nations.** SSEF4

- a. Explain how investments in human capital (e.g., education, job training, and healthcare) can lead to a higher standard of living. SSEF4.A
  - b. Explain how investment in equipment and technology can lead to economic growth. SSEF4.B
  - c. Explain how individuals, businesses, and governments benefit from specialization and voluntary, non-fraudulent trade. SSEF4.C
  - d. Illustrate economic growth using a production possibilities curve. SSEF4.D
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**Personal Finance**

**SSEPF1. Analyze major life decisions using economics-based decision-making skills.** SSEPF1

- a. Apply a rational decision-making model to evaluate the costs and benefits of post-high school life choices (i.e., college, technical school, military enlistment, workforce participation, or other option). SSEPF1.A
- b. Evaluate costs and benefits of various ways to pay for post-high school life including scholarships, the HOPE scholarship, employment, work-study programs, loans, grants, savings, prior investments, and other options. SSEPF1.B
- c. Identify necessary documents needed to complete forms like the FAFSA or scholarship applications. SSEPF1.C
- d. Apply a rational decision-making model to evaluate other major life choices like employment opportunities, renting a home vs. buying, selecting a mortgage, and buying a car. SSEPF1.D
- e. Describe how individual financial decisions can help create generational wealth. SSEPF1.E

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**SSEPF2. Analyze income as a scarce resource that can be allocated effectively through budgeting.** SSEPF2

- a. Compare different types of income including hourly wages, salary, tips, independent contractor services (Form 1099), dividends, and capital gains. SSEPF2.A
- b. Review and complete a sample federal individual income tax form 1040. SSEPF2.B
- c. Describe the basic components of a paystub including gross pay, net pay, and common deductions (i.e federal and state income tax, Federal Insurance Contributions Act (FICA which includes Social Security and Medicare), and elective deductions like 401K, insurance and tax-deferred savings). SSEPF2.C
- d. Analyze the basic components of a personal budget including income, expenses (fixed and variable), and the importance of short-term and long-term savings. SSEPF2.D
- e. Explain how to reconcile a checking account, either online or on paper, including how to account for transactions that have not been posted (i.e checks, weekend debit card transactions, or monthly auto-pay transactions) and how this helps avoid overdraft fees. SSEPF2.E
- f. Describe how to determine a person's net worth. SSEPF2.F

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**SSEPF3. Explain how the financial system channels funds from savers to investors.** SSEPF3

- a. Explain the roles/functions of money as a medium of exchange, store of value, and unit of account/standard of value. SSEPF3.A
- b. Compare services offered by different financial institutions, including banks, credit unions, payday lenders, and title pawn lenders. SSEPF3.B
- c. Compare and contrast cash, debit cards, credit cards, prepaid cards and mobile payment apps in terms of how they work, acceptability, and the costs and benefits associated with each. SSEPF3.C
- d. Evaluate the risk and return of a variety of savings and investment options, including: savings accounts, certificates of deposit, retirement accounts (i.e Roth IRA, 401K, 403b), stocks, bonds, 529 accounts, and mutual funds and explain the importance of diversification when investing. SSEPF3.D
- e. Describe the role of speculative investments (i.e cryptocurrency and historical examples like buying on margin in the 1920's). SSEPF3.E

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**SSEPF4. Explain how interest rates affect various consumer decisions.** SSEPF4

- a. Compare interest rates on loans and credit cards from different institutions including banks, credit unions, pay-day loan facilities, and title-pawn companies. SSEPF4.A
- b. Define annual percentage rate and describe how different interest rates can affect monthly payments on loans. SSEPF4.B
- c. Use an online amortization tool to show how payments on a fixed loan like a mortgage are applied to interest and principal. SSEPF4.C
- d. Explain the difference between simple and compound interest and the difference between fixed and variable interest. SSEPF4.D
- e. Define nominal and real returns and explain how inflation affects interest-earning savings and investment accounts. SSEPF4.E

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**SSEPF5. Explain how changes in taxation can have an impact on an individual's spending and saving choices.** SSEPF5

- a. Describe income, sales, property, capital gains, and estate taxes in the U.S. SSEPF5.A
- b. Describe the difference between progressive, regressive, and proportional taxes. SSEPF5.B

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**SSEPF6. Evaluate the costs and benefits of using credit.** SSEPF6

- a. Differentiate between and explain how to access one's credit report and credit score. SSEPF6.A
- b. Describe the basic components of a credit score including payment history, debt to income ratio, amount owed, length of credit history, types of credit used, amount of available credit, and recent credit applications. SSEPF6.B
- c. Analyze and evaluate a sample loan application for credit worthiness and the ability to receive favorable interest rates. SSEPF6.C
- d. Explain the difference between revolving credit and installment credit. SSEPF6.D
- e. Explain causes of personal bankruptcy and describe consequences of declaring bankruptcy. SSEPF6.E

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**SSEPF7. Analyze how insurance and other risk-management strategies protect against financial loss.** SSEPF7

- a. Explain why people buy insurance. SSEPF7.A
- b. Describe various types of insurance such as automobile, health, life (whole and term), disability, renters, flood and property. SSEPF7.B
- c. Explain the costs and benefits associated with different types of insurance, including deductibles, premiums, coverage limits shared liability, and asset protection. SSEPF7.C
- d. Define insurability and explain why insurance rates can vary. SSEPF7.D

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**SSEPF8. Describe how the earnings of workers are determined in the marketplace.** SSEPF8

- a. Identify skills that are required to be successful in the workplace, including positive work ethic, punctuality, time management, teamwork, and communication skills. SSEPF8.A
- b. Describe the impact a person's social media footprint can have on their career and finances. SSEPF8.B
- c. Evaluate job and career options and explain the significance of investment in education, training, and skill development as it relates to future earnings. SSEPF8.C

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**SSEPF9. Explain ways consumers are protected by rules and regulations.** SSEPF9

- a. Describe how government agencies offer protection in banking, investments, borrowing, and buying goods and services. SSEPF9.A
- b. Compare different methods for lodging consumer complaints (e.g., Better Business Bureau, online methods, and direct contact with business). SSEPF9.B
- c. Explain the primary purpose of important consumer legislation (i.e., the Truth in Lending Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, the Equal Housing Act, and the Dodd-Frank Act). SSEPF9.C

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**SSEPF10. Explain sources of and protection against identity theft.** SSEPF10

- a. Describe common ways identity theft happens including dumpster diving, skimming, phishing, stealing, and data breaches. SSEPF10.A
- b. Describe ways to protect yourself from identity theft including shredding important documents, not opening attachments to unknown emails, not revealing personal information over the phone or email, using secure networks, regularly monitoring your credit report, changing passwords on accounts, and carefully managing social media. SSEPF10.B
- c. Describe steps that should be taken if a person is the victim of identity theft including getting replacement credit cards, freezing credit histories, alerting appropriate officials, and changing passwords. SSEPF10.C
- d. Describe the basic characteristics of investment scams such as Ponzi schemes, pump and dumps, and "advance fee" scams and how to avoid them. SSEPF10.D

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**Microeconomics**

**SSEMI1. Describe how households and businesses are interdependent and interact through flows of goods, services, resources, and money.** SSEMI1

- a. Explain, using a circular flow diagram, the real flow of goods and services, resources, and money through the product market and the resource (factor) market. SSEMI1.A

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**SSEMI2. Explain how the law of demand, the law of supply, and prices work to determine production and distribution in a market economy.** SSEMI2

- a. Define the law of supply and the law of demand. SSEMI2.A
- b. Describe various determinants (shiffters) of supply and demand and illustrate on a graph how they can change equilibrium price and quantity. SSEMI2.B
- c. Explain and illustrate on a graph how prices set too high (e.g., price floors) create surpluses, and prices set too low (e.g., price ceilings) create shortages. SSEMI2.C

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**SSEMI3. Explain the organization and role of business and analyze the four types of market structures in the U.S. economy.** SSEMI3

- a. Compare and contrast three forms of business organization—sole proprietorship, partnership, and corporation with regards to number of owners, liability, lifespan, decision-making, and taxation. SSEMI3.A
- b. Identify the basic characteristics of monopoly, oligopoly, monopolistic competition, and pure (perfect) competition with regards to number of sellers, barriers to entry, price control, and product differentiation. SSEMI3.B

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## Macroeconomics

**SSEMA1. Explain the methods by which economic activity is measured.** SSEMA1

- a. Describe key economic outcomes and how they are measured including economic growth using Gross Domestic Product (GDP) and real GDP; price stability using the Consumer Price Index (CPI); and full employment using the unemployment rate. SSEMA1.A
- b. Explain the differences between seasonal, structural, cyclical, and frictional unemployment. SSEMA1.B
- c. Describe the stages of the business cycle and its relation to economic measurement, including: peak, contraction, trough, recovery/expansion as well as recession. SSEMA1.C

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**SSEMA2. Explain the role and functions of the Federal Reserve System.** SSEMA2

- a. Describe the organization of the Federal Reserve System (12 Districts, Federal Open Market Committee (FOMC), and Board of Governors). SSEMA2.A
- b. Describe the Federal Reserve Bank's roles in payment processing, bank supervision, and monetary policy including the dual mandate of price stability and full employment. SSEMA2.B
- c. Describe how the Federal Reserve uses various tools of monetary policy to target the federal funds rate and how this rate influences other interest rates in the economy. SSEMA2.C

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**SSEMA3. Analyze how the government uses fiscal policy and its effects on national debt.** SSEMA3

- a. Explain the effect on the economy of the government's taxing and spending decisions in promoting price stability, full employment, and economic growth. SSEMA3.A
  - b. Explain how government budget deficits or surpluses impact national debt. SSEMA3.B
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**International**

**SSEIN1. Explain the benefits of international trade and the role of trade barriers.** SSEIN1

- a. Explain how nations benefit when they specialize in producing goods and services in which they have a comparative advantage. SSEIN1.A
  - b. Explain how trade barriers create costs and benefits to consumers and producers over time. SSEIN1.B
  - c. Analyze Georgia's role in the international economy (i.e the ports of Savannah and Brunswick, the Northeast inland port, the presence of multinational corporations in the state, and the impact of trade on the state's economy). SSEIN1.C
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**SSEIN2. Analyze how changes in exchange rates can have an impact on groups in the United States and in other countries.** SSEIN2

- a. Describe factors that cause changes in exchange rates. SSEIN2.A
- b. Explain how appreciation and depreciation of currency affects net exports and benefits some groups and hurts others. SSEIN2.B