

Financial Literacy Standards: High School

TOPIC: FINANCIAL RESPONSIBILITY AND DECISION MAKING

Content Statement

1. Financial responsibility entails being accountable for managing money to satisfy one's current and future economic choices.

CONTENT ELABORATION

Financially responsible individuals make thoughtful choices based on their own goals and acknowledge they are personally responsible for their financial choices. Managing money is the process of budgeting, saving, investing and spending. Individual opportunities and choices about when, where and how much to work affect lifestyle decisions and financial stability.

EXPECTATIONS FOR LEARNING

Identify responsible ways for managing money for short- and long-term goals.

Describe actions that are both responsible and irresponsible uses of money.

Content Statement

2. Financial responsibility involves lifelong decision-making strategies which include consideration of alternatives and consequences.

CONTENT ELABORATION

Over a lifetime, people make many financial decisions about their education, jobs and personal life lives that affect their income.

Financial goals should be developed and evaluated regularly. When making financial decisions, individuals should reflect upon alternatives and determine if the consequences will be positive or negative for everyone involved in the decision.

EXPECTATIONS FOR LEARNING

List financial decisions made at different stages of life and factors that will affect those decisions.

Explain how education and career decisions affect incomes and job opportunities.

Understand there are positive and negative consequences for all financial decisions.

TOPIC: FINANCIAL RESPONSIBILITY AND DECISION MAKING

Content Statement

- 3. Competencies (knowledge and skills), commitment (motivation and enthusiasm), competition (globalization and automation), training, work ethic, abilities and attitude are all factors impacting one's earning potential and employability.**

CONTENT ELABORATION

Twenty-first century skills, including critical thinking, media and communication skills, collaboration and creativity, are important in every job and not specific to any particular field. Being prompt, hard-working and honest, as well as having a good attitude also are important.

Competencies can be defined as the knowledge, abilities and skills necessary for an employee to be successful in a specific job. Employees who are lifelong learners seek additional training and typically are more desirable to their employers.

EXPECTATIONS FOR LEARNING

Identify how various training and education options beyond high school can further one's employability.

Explore individual interests and skill sets to identify potential careers and opportunities to pursue.

Explain how one can become more employable through training and education.

Content Statement

- 4. Income sources include job earnings and benefits, entrepreneurship, saving and investment earnings, government payments, grants, inheritances, etc. Workers can experience dramatic income dips and spikes from month to month.**

CONTENT ELABORATION

There are various sources of income that affect financial planning. Entrepreneurs take risks to increase potential opportunities for economic growth.

Interest, dividends and capital appreciation (gains) are forms of income earned from financial investments.

Monthly income can vary based on multiple factors, such as an individual's productivity and hours worked or larger economic changes and global markets.

Some people receive government assistance because they qualify for one or more types of support.

Various jobs can experience dramatic changes in income. In some industries, such as agriculture, an individual does not receive a regular paycheck and may be paid only after a crop is harvested once or twice a year. Another example is a roofer who can only work in certain weather conditions, causing income amounts to fluctuate. Workers in these situations must account for these fluctuations as they create their budgets.

EXPECTATIONS FOR LEARNING

Compare and contrast different sources of income, including wages and salaries.

Identify individual and larger economic changes that may cause monthly income to fluctuate.

Explain how government assistance programs contribute to the financial stability of different individuals.

TOPIC: FINANCIAL RESPONSIBILITY AND DECISION MAKING

Content Statement

5. Taxes, retirement, insurance, employment benefits, and both voluntary and involuntary deductions impact take-home pay.

CONTENT ELABORATION

Examples of voluntary and involuntary deductions include:

- federal, state and local taxes;
- retirement accounts or investment contributions;
- insurance premiums; and
- employment benefits.

Gross pay is the amount of pay an employee receives before taxes and other withholdings are taken from their paychecks. Net pay also is referred to as take-home pay and is the amount of money an employee receives after deductions and withholdings have been finalized.

Deductions from gross pay may be considered voluntary or involuntary. Examples of involuntary deductions may include federal, state and local taxes, retirement accounts, insurance and employment benefits. Voluntary deductions include investments and charitable donations.

EXPECTATIONS FOR LEARNING

Calculate the difference between net pay and gross pay of a fictional employee.

Compare several sample paystubs and the different deductions. Some are pre-tax, such as Flexible Spending Accounts (FSA) or Healthcare Savings Accounts (HSA), that are included and will result in reduced personal tax liability.

TOPIC: PLANNING AND MONEY MANAGEMENT

Content Statement

6. Financial responsibility includes the development of a spending and savings plan (personal budget).

CONTENT ELABORATION

To achieve short- and long-term financial goals, a spending and savings plan (budget) must be created, evaluated and updated on a regular basis. Income and expenses must be accurately reflected for the budget to be a useful tool for an individual.

S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, Time-bound) goals help individuals determine and remember what their financial goals should reflect.

People should revise their budgets to prepare for unplanned changes in income. A budget should include short-term savings or emergency funds that could pay for an unexpected expense, such as a car repair. Long-term savings can be used toward larger goals, such as a down payment on a house or retirement.

EXPECTATIONS FOR LEARNING

Devise a budget for current short- and long-term goals, income and expenses.

Identify factors that could force an individual to change his or her budget.

Prepare a monthly budget for a family or individual given their income, savings goals and taxes, as well as their fixed and variable expenses.

TOPIC: PLANNING AND MONEY MANAGEMENT

Content Statement

7. Financial institutions offer a variety of products and services to address financial responsibility.

CONTENT ELABORATION

There are many different types of financial institutions, such as banks, online banks, credit unions and brokerage houses. Each financial institution serves different needs of consumers.

Typical products and services offered by financial institutions, such as savings accounts, checking accounts and financial planning services, help consumers manage their finances. Most financial institutions have financial planners who can help people make financial plans to reach their goals.

Consumers must know how much money they have available in their checking accounts prior to withdrawing money or making purchases with debit cards linked to those accounts. Consumers should reconcile their checkbooks regularly to ensure their records match the bank records.

EXPECTATIONS FOR LEARNING

Evaluate products and services from financial institutions that a student might use, such as a checking and savings account, and discuss advantages and disadvantages of different products.

Reconcile a checking and savings account balance using both an account register and an electronic tool.

Content Statement

8. Financial experts provide guidance and advice on a wide variety of financial issues.

CONTENT ELABORATION

Financial experts, such as Certified Public Accountants and financial planners, are available to help consumers make financial decisions. Consider qualifications and fees when seeking the advice of financial experts. Financial experts can be associated with banks, brokerage houses or credit unions or can be independent brokers who help consumers create plans to reach short- and long-term financial goals.

Financial planners can be certified in different ways, receiving credentials from an industry such as a Certified Financial Planner (CFP) or by the government through the Security Exchange Committee (SEC). Consumers need to do their homework to choose the best planner to meet their needs.

EXPECTATIONS FOR LEARNING

Explain the roles and responsibilities of a financial planner.

Identify qualifications to look for when searching for a financial planner.

TOPIC: PLANNING AND MONEY MANAGEMENT

Content Statement

9. Planning for and paying local, state, and federal taxes is a financial responsibility.

CONTENT ELABORATION

Federal, state and local entities levy taxes in many forms. It is the responsibility of each citizen to pay taxes. The cost of various taxes must be figured into an individual's spending and savings plan.

Different sources and amounts of income, as well as the spending habits of consumers, affect the types and amounts of taxes paid. When employees start new jobs, they typically fill out a W-4 form from the IRS and other state and local tax documents that employers use to determine withholdings from take-home pay. Tax withholdings can be adjusted so that employees may receive a refund or owe additional taxes to the IRS and state and local municipalities when income tax returns are filed. Independently contracted workers do not have taxes withheld from paychecks but still are required to pay federal, state and local taxes.

All employed workers must annually report income amounts and sources to the Internal Revenue Service, as well as to the states and municipalities in which they reside.

Tax rates often differ between municipalities and states.

EXPECTATIONS FOR LEARNING

Fill out a sample W-4, 1040 federal tax form, and state and local tax forms either as an employee or an independent contractor.

Investigate how local taxes are calculated between municipalities.

Content Statement

10. Taxpayers may save money by understanding and using tax credits and deductions.

CONTENT ELABORATION

Tax credits and deductions can be used to reduce tax liability and help individuals reach financial goals. Tax laws may change from year to year, and it is important to stay current with tax law.

EXPECTATIONS FOR LEARNING

Identify and describe how tax credits and deductions influence total tax liability.

TOPIC: INFORMED CONSUMER

Content Statement

11. An informed consumer makes decisions on purchases that may include a decision-making strategy to determine if purchases are within their budget.

CONTENT ELABORATION

Consumers make economic choices almost daily. When faced with choices about which items to purchase, consumers must consider their personal budgets, needs and other factors.

All economic choices require consumers to apply a cost-benefit analysis to their decisions, which result in trade-offs.

Advertising impacts consumers. Businesses need to make profits and advertise their products to gain more customers. Consumers must pay close attention to the details of advertisements to make sure they are receiving what is being advertised.

EXPECTATION FOR LEARNING

Explain the many factors a consumer considers before purchasing goods or services.

Content Statement

12. Consumer advocates, organizations and regulations provide important information and help protect against potential consumer fraud.

CONTENT ELABORATION

Consumer fraud is a deceptive practice that results in financial or other losses for consumers during seemingly legitimate business transactions. Personal vigilance is one way to prevent fraud.

Federal government agencies such as the Federal Trade Commission (FTC) and Office of Consumer Protection exist to offer information and protection to consumers in matters of fraud. The Office of the Treasurer and Attorney General of Ohio also help consumers be aware of potential frauds and scams. These agencies may be able to help victims recover some or all their losses from fraud.

Nongovernment organizations such as the Better Business Bureau also educate consumers about fraud.

There are laws that protect consumers from fraud. If a company is found guilty of fraud, there are consequences.

EXPECTATION FOR LEARNING

Identify ways consumers can identify fraud and protect themselves from becoming a victim of fraud.

Describe the process for consumers who believe they are victims of fraud to seek recompense.

Describe the consumer protections provided to citizens through government and consumer agencies.

TOPIC: INFORMED CONSUMER

Content Statement

13. Part of being an informed consumer is knowing how to utilize financial services and risk management tools, as well as comparing consumer lending terms and conditions and reading financial statements.

CONTENT ELABORATION

Many financial institutions offer lending services that include credit cards, lines of credit and loans. Before consumers make choices regarding credit or loans, it is important they know and understand the terms and conditions, including the terms of repayment, interest rates, late fees and service fees. This information can be found by reading all the information provided by the institution prior to applying for credit or a loan.

EXPECTATION FOR LEARNING

Compare the terms and conditions of the consumer lending statements from two or more financial institutions to determine which one is better for a given consumer.

Content Statement

14. Consumer protection laws help safeguard individuals from fraud and potential loss.

CONTENT ELABORATION

Laws, such as the Truth in Lending Act, Fair Debt Collection Practices Act and Fair Credit Reporting Act, help protect consumers from fraud and potential financial loss.

Consumers must monitor their credit card and financial accounts to be aware of fraudulent purchases or withdrawals.

EXPECTATION FOR LEARNING

Identify a consumer protection law and explain why it was developed and how it serves to protect individuals from fraud and potential loss.

Content statement

15. Planned purchasing decisions factor in direct (price) and indirect costs (e.g. sales/use tax, excise tax, shipping, handling, and delivery charges, etc.).

CONTENT ELABORATION

When making a purchase, consumers should know there are costs beyond the purchase price. These costs may include sales tax, delivery charges, shipping, handling and membership fees. When considering the total price, consumers must consider all the indirect costs.

EXPECTATION FOR LEARNING

Identify the difference between direct and indirect costs.

Compare and contrast the overall costs of goods and services from various distributors (wholesale, retail, online).

TOPIC: INVESTING

Content Statement

16. Using key investing principles, one can achieve the goal of increasing net worth.

CONTENT ELABORATION

The purpose of investing is to increase and protect net worth in the short- and long-term. Investing principles exist to guide individuals in choosing investments to increase net worth.

Investing strategies may include planning, saving and investing for the long term, investigating before you invest and, because individuals who start saving at an early age have more time for compound interest to increase their wealth, avoiding the cost of delay. Investments include mutual funds, bank CDs, bonds, stocks and real estate. Many factors may impact the value of investments. As consumers evaluate potential investments, they must consider safety, liquidity, fees and the rate of return.

A technology company that releases a new and highly anticipated update most likely will have the value of its stock increase. If the same release has many errors or flaws or consumers do not like the new technology, the value of the stock will most likely decrease.

EXPECTATION FOR LEARNING

Devise a plan to increase net worth given a predetermined amount of money.

Content Statement

17. Investment strategies must take several factors into consideration including the time horizon of the investment, the degree of diversification, the investor's risk tolerance, how the assets are selected and allocated, product costs, fees, tax implications and the time value of money.

CONTENT ELABORATION

One of the tools investors use to increase the value of their net worth is time. By planning on investing for the long term, investors have the benefit of compounding interest and allowing investments to increase in value.

Investors must select assets such as stocks, bonds, mutual funds, 401(k) plans and IRAs and decide how to allocate their funds. As investors review potential investments, they must consider the costs of the products, fees and taxes for their situations. Investors must determine their willingness to take risks. Risk tolerance depends on factors such as personality, income, family situation and current net worth.

The time value of money is the idea that a dollar today is worth more than a dollar in the future. This is because the dollar received today can earn interest up until the time the future dollar is received.

EXPECTATION FOR LEARNING

Identify and compare the administrative costs (fees) and taxes of various investment products.

Identify the more advantageous investment strategy for different individuals in given scenarios.

TOPIC: INVESTING

Content Statement

18. Government agencies are charged with regulating providers of financial services to help protect investors.

CONTENT ELABORATION

Historically, regulatory agencies have been created to help protect investors from unethical practices, including price gouging and monopolies. The Securities and Exchange Commission (SEC), Federal Deposit Insurance Corporation (FDIC), National Credit Union Association (NCUA) and other government agencies regulate providers of financial services.

EXPECTATION FOR LEARNING

Explain the specific roles of agencies and the services they can offer to consumers.

TOPIC: CREDIT AND DEBT

Content Statement

19. Credit is a contractual agreement in which a borrower receives something of value now and agrees to repay to lender at some later date.

CONTENT ELABORATION

Loans are forms of credit. Loans are available at banks and financial institutions, as well as at payday lenders. Payday lenders typically advertise the availability of loans with no down payment or credit check or as easy money if consumers need cash before their next payday.

The difference between a loan from a bank and a payday lender is the term of the loan. Payday lenders typically charge high interest and include significant fees for the loan. The amount of money a borrower repays is much larger than the original amount borrowed. Often, the terms of the payday loan are unclear.

The group that is most likely to use payday lenders is typically "unbanked." Unbanked people are described by the Federal Deposit Insurance Corporation (FDIC) as those adults without accounts at banks or other financial institutions and are outside the financial mainstream for one reason or another. Young adults ages 18-24 make up one of the largest groups of the unbanked. Many unbanked individuals end up using payday lenders and paying high fees for financial services without the benefit of establishing a good credit history.

Borrowers must repay loans according to the contractual terms. Banks and financial institutions may allow loans to be paid back early with no penalties. Paying off payday loans early may add more fees to the loans.

EXPECTATION FOR LEARNING

Describe the difference between a loan from a bank and one from a payday lender.

Compare the final repayment amount of a loan from a bank and a loan from a payday lender on a large purchase such as a car.

Investigate barriers to individuals that may lead them to be unbanked.

TOPIC: CREDIT AND DEBT

Content Statement

20. Debt is an obligation owed by one party to a second party.

CONTENT ELABORATION

Debt is considered a promise of payment whether it is in the form of a personal loan, vehicle loan, mortgage or credit card bill. Consumers have a legal obligation to pay debt.

Individuals must be careful not to accumulate too much debt. Too much debt means that a person or family regularly struggles to pay off credit cards and loans each month in addition to paying for daily necessities. If a person cannot repay one or more loans or keep up with payments, private and government organizations provide credit counseling and help consumers create plans to pay off the debt.

Consumers can take steps to set up repayment plans if they are struggling to repay debts. For some debt, such as student loans or medical debt, consumers can contact the billing agencies directly to create their own repayment plans and may avoid negative impact on their credit scores.

The federal government also has established bankruptcy codes and courts to assist people in financial trouble to settle their debts and eventually re-establish good financial standing.

EXPECTATION FOR LEARNING

Develop a repayment plan to satisfy debt obligations in a given scenario.

Explain the implications of declaring bankruptcy.

Content Statement

21. Effectively balancing credit and debt helps one achieve some short and long-term goals.

CONTENT ELABORATION

Effectively balancing debt is an important part of establishing and maintaining a good credit score. A person's credit score is a measure of consumer credit risk. Financial institutions use consumers' credit scores to determine if they will extend loans and to determine loan terms. Scores range from 300-850, and higher scores reflect a better credit history. People who have higher credit scores typically receive lower interest rates for new loans from banks.

Credit scores are based on factors such as length of time the person has had financial accounts, types of credit used, payment history, amounts owed and new credit.

Attaining a high credit score is one of the goals consumers should set.

EXPECTATION FOR LEARNING

Discuss steps a consumer can take to get and keep a high credit score.

Discuss factors that will reduce credit scores.

TOPIC: CREDIT AND DEBT**Content Statement**

22. Financial documents and contractual obligations inform the consumer and define the terms and conditions of establishing credit and incurring debt.

CONTENT ELABORATION

When incurring debt, consumers need to be able to read and understand the complex documents that describe the terms and conditions to which they are agreeing before signing an agreement. Consumers often do not understand that credit cards are a form of debt, and they may have difficulty paying credit cards if they have too many or only pay the minimum amount due each month.

The Truth in Lending Act (TILA) was passed by Congress in 1968 and was designed to promote the informed use of consumer credit by requiring disclosures about the terms and costs to the consumer who uses credit cards. The TILA ensures the important information consumers need to make decisions about different credit cards is easily available and understandable.

The Credit Card Accountability, Responsibility and Disclosure, or Credit CARD Act was signed into law in 2009 to further protect consumers from unscrupulous practices by credit card companies.

EXPECTATION FOR LEARNING

Evaluate several credit card offers and choose the best card based on criteria such as interest rate, fees and rewards programs.

Describe how the Truth in Lending Act (TILA) and Credit Card Accountability, Responsibility and Disclosure (Credit CARD) Acts protect consumers.

Content Statement

23. Many options exist for paying for post-secondary education opportunities.

CONTENT ELABORATION

Research a career field of interest. Review the income potential and educational or training requirements. There are various methods to pay for postsecondary education or training options, including grants, loans, scholarships, work reimbursement, military and personal savings. Many students who continue their education or training choose to borrow money, apply for grants or scholarships or take on additional employment. Grants and scholarships typically are not repaid, but the student must meet certain criteria to be eligible. There are many kinds of student loans with different interest rates. Students must be savvy consumers and understand the terms of their loans prior to signing agreements. Many financial institutions also offer loan programs for prospective students. Consider the potential income of that career when reviewing loan repayment schedules.

EXPECTATION FOR LEARNING

Evaluate choices for funding postsecondary education options considering amount available, interest, repayment options and total cost.

Evaluate the advantages and limitations of various career opportunities.

TOPIC: RISK MANAGEMENT AND INSURANCE

Content Statement

24. A risk management plan can protect consumers from the potential loss of personal and/or business assets or income.

CONTENT ELABORATION

When consumers purchase items such as cars, appliances and electronics, typically there are factory warranties and extended warranties offered to the consumer to protect against product defect or damage.

Extended warranties and service plans typically are offered by the business that sold the item and are a separate cost from the item. Warranties operate in a similar way to insurance. Businesses can minimize losses by purchasing various forms of insurance.

Businesses can carry insurance that will protect them against damage or loss of property, business interruption, product liability lawsuits, employee negligence, libel and slander.

EXPECTATION FOR LEARNING

Describe the difference between a warranty and extended warranty on a given product.

Content Statement

25. Safeguards exist that help protect one's identity.

CONTENT ELABORATION

Identity theft is a growing problem; often it is very easy for thieves to steal an identity and ruin an individual's credit. Individuals must be vigilant with personal information, such as their social security numbers or credit cards numbers, sharing only with trusted sources. Individuals can take steps to protect their identity and even purchase insurance to protect themselves from identity theft.

If identity theft is suspected, an individual must act quickly to lessen the impact of the theft. The individual should notify all financial institutions that he or she does business with, so they can take appropriate action. The individual also should file a police report and notify credit bureaus (Equifax, Experian, TransUnion) to file a fraud alert. The Federal Trade Commission has a form titled the Theft Victim's Complaint and Affidavit which may help as individuals deal with creditors. Consumers should close all accounts that may have been accessed fraudulently.

EXPECTATION FOR LEARNING

Describe problems that can occur when an individual is a victim of identity theft.

Give specific examples of how online transactions, online banking, email scams and telemarketing calls can make consumers vulnerable to identity theft.

Describe the conditions under which individuals should and should not disclose their social security number, account numbers and other sensitive personal information.

Recommend actions a victim of identity theft should take to limit losses and restore personal security.

TOPIC: RISK MANAGEMENT AND INSURANCE

Content Statement

26. Diversification of assets is one way to manage risk.

CONTENT ELABORATION

Investing in different types of financial assets, called diversification, can lower investment risk. Consumers must make decisions about choosing investments that may include high-, medium- and low-risk options. Investors make decisions about types of investments based on goals, their age, tolerance of risk and personal interest.

EXPECTATION FOR LEARNING

Cite examples of high-, medium- and low-risk investments.

Explain why it is important to diversify and how the composition of a portfolio changes over time.

Content Statement

27. A comprehensive insurance plan (health, life, disability, auto, homeowners, renters, liability, etc.) serves as a safeguard against potential loss.

CONTENT ELABORATION

Individuals choose different amounts of insurance coverage based on willingness to accept risk, their occupation, lifestyle, age, financial profile and the prices of insurance. Individuals may be required by governments or certain types of contracts (such as home mortgages) to purchase insurance. Health insurance provides funds to pay for preventative care and treatment of illness or injury.

Disability insurance provides funds to replace income lost while an individual is ill or injured and unable to work. Property and casualty insurance (including renters insurance) pays for damage or loss to the insured person's property and may include liability coverage. Most life insurance benefits are paid to the insured person's beneficiaries in the event of the policyholder's death.

EXPECTATION FOR LEARNING

Explore the coverage and cost for various insurance products such as health, life, disability, auto, homeowners, renters and liability.

Research the likelihood that disability and life insurance is needed to replace an income stream.

Financial Literacy Standards: High School

Financial Literacy is defined as the ability to read, analyze, manage and communicate about personal financial conditions that affect one's material well-being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future and respond completely to life events that affect every day financial decisions, including events in the general economy.

HIGH SCHOOL	
TOPIC	CONTENT STATEMENTS
FINANCIAL RESPONSIBILITY AND DECISION MAKING	<ol style="list-style-type: none"> 1. Financial responsibility entails being accountable for managing money to satisfy one's current and future economic choices. 2. Financial responsibility involves life-long decision-making strategies which include consideration of alternatives and consequences. 3. Competencies (knowledge and skills), commitment (motivation and enthusiasm), competition (globalization and automation), training, work ethic, abilities and attitude are all factors impacting one's earning potential and employability. 4. Income sources include job earnings and benefits, entrepreneurship, saving and investment earnings, government payments, grants, inheritances, etc. Workers can experience dramatic income dips and spikes from month to month. 5. Taxes, retirement, insurance, employment benefits, and both voluntary and involuntary deductions impact take-home pay.
PLANNING AND MONEY MANAGEMENT	<ol style="list-style-type: none"> 6. Financial responsibility includes the development of a spending and savings plan (personal budget). 7. Financial institutions offer a variety of products and services to address financial responsibility. 8. Financial experts provide guidance and advice on a wide variety of financial issues. 9. Planning for and paying local, state and federal taxes is a financial responsibility. 10. Tax payers may save money by understanding and using tax credits and deductions.

HIGH SCHOOL	
TOPIC	CONTENT STATEMENTS
INFORMED CONSUMER	<ul style="list-style-type: none"> 11. An informed consumer makes decisions on purchases that may include a decision-making strategy to determine if purchases are within their budget. 12. Consumer advocates, organizations and regulations provide important information and help protect against potential consumer fraud. 13. Part of being an informed consumer is knowing how to utilize financial services and risk management tools, as well as comparing consumer lending terms and conditions and reading financial statements. 14. Consumer protections laws help safeguard individuals from fraud and potential loss. 15. Planned purchasing decisions factor in direct (price) and indirect costs (e.g. sales/use tax, excise tax, shipping, handling, and delivery charges, etc.).
INVESTING	<ul style="list-style-type: none"> 16. Using key investing principles one can achieve the goal of increasing net worth. 17. Investment strategies must take several factors into consideration including the time horizon of the investment, the degree of diversification, the investor's risk tolerance, how the assets are selected and allocated, product costs, fees, tax implications and the time value of money. 18. Government agencies are charged with regulating providers of financial services to help protect investors.
CREDIT AND DEBT	<ul style="list-style-type: none"> 19. Credit is a contractual agreement in which a borrower receives something of value now and agrees to repay to lender at some later date. 20. Debt is an obligation owed by one party to a second party. 21. Effectively balancing credit and debt helps one achieve some short and long-term goals. 22. Financial documents and contractual obligations inform the consumer and define the terms and conditions of establishing credit and incurring debt. 23. Many options exist for paying for post-secondary education opportunities.
RISK MANAGEMENT AND INSURANCE	<ul style="list-style-type: none"> 24. A risk management plan can protect consumers from the potential loss of personal and/or business assets or income. 25. Safeguards exist that help protect one's identity. 26. Diversification of assets is one way to manage risk. 27. A comprehensive insurance plan (health, life, disability, auto, homeowners, renters, liability, etc.) serves as a safeguard against potential loss.