

Bridging the Financial Literacy Gap: Designing an Educational Unit on Personal  
Finance

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## **Abstract**

Financial literacy is a critical skill that influences individuals' ability to make informed financial decisions and maintain long-term economic stability. This paper examines the importance of financial literacy, the consequences of low financial knowledge, and the effectiveness of school-based financial education programs. Drawing on existing research in personal finance and education, including studies on financial behavior, credit outcomes, and financial capabilities, this paper highlights how financial education improves both financial knowledge and real-world financial behaviors, like saving, borrowing, and credit management. Evidence suggests that structured financial education at the high school level can lead to measurable improvements in credit outcomes and long-term financial health.

This paper explores effective instructional methods for teaching personal finance. Research indicates that experiential learning, real-world application, and student focused instruction are essential for developing both financial competence and confidence in applying financial concepts. Strategies such as simulations, collaborative activities, and applied financial tasks help students develop practical skills and confidence in decision-making.

The paper presents a comprehensive semester long high school financial literacy unit aligned with the Colorado Academic Standards. The unit emphasizes progressive skill development, multiple forms of assessment, including a summative project that requires students to apply financial concepts in a realistic scenario. This paper argues that integrating structured, applied financial literacy education into high school curriculum is an effective approach to preparing students for real-world financial responsibilities and promoting long-term financial capability.

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### **The Importance of Financial Literacy**

Financial literacy is recognized as a fundamental determinant of individuals' economic behavior and long-term financial stability. Financial literacy refers to the knowledge, skills, and confidence necessary to understand financial concepts and make informed decisions about budgeting, saving, borrowing, investing, and managing risks. Rather than representing a narrow technical skill, financial literacy reflects an individual's capacity to understand and navigate increasingly complex financial systems. Lusardi and Mitchell (2014) emphasize the global importance of this issue, noting that "...policymakers around the world have expressed deep concern about widespread lack of financial knowledge" (p.49). This concern reflects the reality that many individuals lack the knowledge necessary to manage core financial tasks. As the US President's Advisory Council on Financial Literacy observes that, "'far too many Americans do not have the basic financial skills necessary to develop and maintain a budget, to understand credit, to understand investment vehicles, or to take advantage of our banking system'" (Lusardi & Mitchell, 2014, p.49). Together, these concerns highlight the urgent need for stronger financial education initiatives that equip individuals with the tools required for informed and responsible financial decision-making.

Hung, Parker, and Yoong (2009) argue that financial literacy matters because modern households are being asked to make more high-stakes financial choices in a complex marketplace. They explain that "[c]urrent economic conditions have raised serious concerns about Americans' financial security, especially those who lack the skills and resources to withstand financial market downswings and take advantage of upswings" (Hung et al., 2009, p.1). As individuals take responsibility for more financial decisions, such as purchasing a home and preparing for retirement, the consequences of poor decisions become more severe. They connect these risks to the reality that "...large segments of the US population have low levels of financial literacy",

meaning that those with lower literacy are more likely to make financial mistakes without knowing, less likely to use financial practices that are recommended, and less able to deal with sudden economic shocks (Hung et al., 2009, p.1). In this view, financial literacy is not just about knowing definitions, but it is a protective skill set that helps individuals navigate financial systems, reduce preventable mistakes, and maintain long-term financial security even in the face of economic shocks.

While these studies establish the conceptual and economic importance of financial literacy, an important policy question concerns whether school-based financial education meaningfully alters financial behavior. Urban, Schmeiser, Collins, and Brown (2020) examine this issue by analyzing state-mandated high school personal finance policies and their effects on young adults' credit outcomes. By comparing students in states that adopted financial education requirements at various times, the authors find that students who were required to take personal finance courses had higher credit scores and were less likely to default on debt in early adulthood. By 2015, nearly half of US states had implemented some form of personal finance requirement, reflecting a widespread belief that early financial education may help mitigate costly financial errors. This policy rationale is grounded in the recognition that young individuals often begin engaging with credit markets shortly after high school, despite possessing limited financial experience or formal training. The findings of Urban et al. (2020) suggest that structured, school-based financial education can translate into measurable improvements in credit-related behaviors.

Evidence on school-based mandates extends beyond credit outcomes. Bernheim, Garrett, and Maki (2001) examine earlier state-level financial curriculum mandates and analyze their long-term effects on adult saving and wealth accumulation. Using cross-state variation in the adoption of financial education requirements between 1957 and 1985, they find that exposure to high school

financial education significantly increases adult saving rates. In their baseline estimates, individuals exposed to mandates report saving roughly 1.5 percentage points higher than those not exposed, with effects increasing over time since implementation. The authors also find positive and statistically significant effects on net worth accumulation, suggesting that mandated financial education influences not only short-term financial management but long-term management as well. Their findings indicate that financial education in high school can shape saving behavior well into adulthood.

Kaiser, Lusardi, Menkhoff, and Urban (2022) synthesize the causal evidence on whether school-based financial education meaningfully alters financial behavior in a large meta-analysis of 76 randomized experiments. They find that financial education programs produce positive average treatment effects on both financial knowledge and downstream financial behaviors. Their analysis shows that financial education improves performance on financial knowledge tests and influences behaviors related to borrowing, saving and investing, budgeting, and insurance. The authors report that the average treatment effect across outcomes is positive, with financial knowledge improving by approximately 0.15 to 0.20 standard deviation units and financial behaviors improving by roughly 0.06 to 0.10 standard deviation units. Evidence from Kaiser and Menkhoff (2017) further supports budgeting as an important outcome of financial education. Their meta-analysis finds that the effects of financial education on budgeting behavior are relatively stronger than those on more complex financial behaviors, suggesting that foundational skills, including budgeting and money management, may be more responsive to educational interventions (Kaiser & Menkhoff, 2017). These findings suggest that financial education does not only increase knowledge but also translates into observable behavioral changes. The authors also find that financial education programs are often relatively low-cost, with an average cost of about \$60 per participant,

suggesting that many interventions are cost-effective when considering their impact on financial knowledge. The findings from this meta-analysis provide strong evidence that financial education can meaningfully improve individuals' financial capability and decision-making across a variety of contexts.

The study shows that the period immediately after high school represents a critical stage for financial decision-making (Kaiser et al., 2022). Young adults begin establishing credit histories, managing borrowing instruments, and navigating repayment obligations, all of which carry consequences that may persist across the life course. Due to early credit behaviors often being durable, mistakes made during this transition may generate long-term effects through reduced creditworthiness and increased borrowing costs. Financial education policies seek not only to improve knowledge but also to influence financial behaviors at a stage where errors may be especially consequential. Research summarized in Kaiser et al. (2022) indicates that studies using rigorous empirical methods find that students exposed to financial education are associated with higher credit scores and lower rates of delinquency among young adults. However, the authors emphasize that evidence on long-term impacts remains limited. While some studies measure outcomes up to 18 months after interventions, there are relatively few studies examining longer-term horizons. This makes it difficult to draw firm conclusions about the persistence of these effects over time. As a result, while financial education appears effective in the short or medium term, the durability of its impact over the course of life is less certain. Even with these limitations, the existing evidence supports the role of structured high school financial education in improving observable financial behaviors, particularly during the transition into adulthood when individuals begin making independent financial decisions.

## Teaching Personal Finance

Effective personal finance instruction requires more than the delivery of financial concepts through traditional lecture-based methods. While foundational knowledge is necessary, research suggests that financial literacy is best developed through instructional approaches that integrate cognitive understanding with application. Rehman and Mia (2024) emphasize that financial literacy is not a single skill, but a multidimensional concept influenced by “...demographic, economic, financial, and possible psychological factors...” (p.2). Based on their systematic review of 53 studies, they argue that financial literacy includes not only knowledge of financial concepts but the ability and confidence to apply that knowledge in real-world contexts. This suggests that effective financial education must go beyond traditional instruction and instead incorporate teaching strategies that address both cognitive and practical understanding. Teaching personal finance should prioritize active, applied, and student-centered learning strategies that reflect real financial situations.

The Champlain College Center for Financial Literacy (2023), highlights that a stand-alone personal finance course is considered the “...gold standard...” for high school financial education, ensuring that students receive sufficient depth and consistency in instruction (p.5). The report also emphasizes that successful implementation depends on access to high-quality curriculum materials as well as well-trained educators. Without these supports, even well-designed courses may fail to meaningfully improve students’ financial capability. These findings show that both course structure and instructional quality are critical components of effective personal financial education.

An effective teaching approach in personal finance education is applied learning. Instead of relying on lectures, students benefit from engaging in simulations, role-playing, and problem-solving activities which require them to apply financial concepts. Research shows that how

financial concepts are taught plays a critical role in whether students translate knowledge into behavior. Kaiser and Menkhoff, (2017) find that financial education is significantly more effective when delivered at a “...teachable moment...”, meaning when instruction is directly connected to real financial decisions individuals are currently facing (p.3). This suggests that instructional approaches that connect learning to practical situations may be more effective in helping students apply financial knowledge.

Programs like Next Gen Personal Finance (2026) provide structured, interactive simulations that allow students to practice real-world financial decision-making and can be a good source of high-quality curriculum. NGPF is a nonprofit organization that develops free personal finance curriculum, lesson plans, and interactive tools for high school teachers across the United States. Their materials emphasize applied learning through their simulations that allow students to practice real-world financial decision-making. These simulations create a low-risk environment where students can make financial decisions, experience the consequences, and reflect on their choices without real-world repercussions. This trial-and-error process is critical in building both competence and confidence. NGPF also incorporates interactive design elements, such as challenges and progress tracking, which can further increase student motivation and engagement. By participating in these types of activities, students are not only learning financial concepts but also developing critical thinking and decision-making skills.

Reflection and discussion play a key role in deepening financial understanding. After participating in simulations or activities, students should be given opportunities to reflect on their decisions, analyze outcomes, and discuss alternative strategies. This reflective process helps students connect their experiences to underlying financial principles and reinforces learning. By

combining applied learning, simulation, and structured reflection, personal finance instruction can move beyond memorization and instead foster meaningful, lasting financial literacy skills.

### **Educational Unit**

This unit is designed for high school students and spans one academic semester, 18 weeks. The extended timeframe allows students to gradually develop financial knowledge while also giving time for activities and real-world applications. The course is structured to move from basic financial concepts into more complex decision-making and applied financial tasks. Each topic will be built upon prior material, ensuring students develop both conceptual understanding and practical skills.

### **Learning Objectives**

This unit aligns with the Colorado Academic Standards (CAS) for social studies, specifically High School Standard 5: Personal Financial Literacy, adopted by the Colorado Department of Education in 2022. Standard 5 outlines five specific Grade Level Expectations designed to prepare students to make informed financial decisions. These expectations include applying reliable information to personal financial decisions (FL.HS.5.1), analyzing sources of income and the relationship between education and earning potential (FL.HS.5.2), applying consumer skills to budgeting, saving, spending, and borrowing decisions (FL.HS.5.3), exploring diversified investment strategies compatible with personal financial goals (FL.HS.5.4), and choosing risk management strategies to protect against financial risk and identity fraud (FL.HS.5.5).

These standards focus on the development of practical financial competencies, including analyzing sources of income, budgeting, saving, borrowing, and managing financial risk. Since high school students are approaching or starting increased financial independence through

employment, consumer decisions, and financial loans or scholarships, these standards provide an appropriate framework for structured financial literacy instruction. This unit supports CAS expectations that students develop the knowledge and skills necessary to become financially capable individuals who can effectively manage personal finance responsibilities (Colorado Department of Education, 2022).

This unit supports Grade Level Expectation 1 (FL.HS.5.1), which emphasizes the application of reliable information to make systematic personal financial decisions. Students are expected to recognize alternatives and consequences associated with financial choices, utilize reliable information sources, and formulate strategies to protect personal and financial information. Instructional activities within this unit will reinforce these competencies by encouraging students to evaluate financial decisions, assess credibility, and understand the responsibilities connected to personal finance.

This unit also addresses Grade Level Expectation 2 (FL.HS.5.2), which focuses on analyzing sources of income and examining the relationship between education, career preparation, and earning potential. Students should be able to compare various sources of income and evaluate how decisions impact financial stability. Through guided discussions and applied exercises, students develop an understanding of how income variability, compensation, and long-term planning influence financial outcomes.

The unit will also align with Grade Level Expectations 3,4, and 5 (FL.HS.5.3, FL.HS.5.4, FL.HS.5.5) by developing students' applied consumer skills, long-term planning awareness, and financial protection strategies. Students will apply consumer skills to budgeting, spending, and saving decisions, complying with FL.HS.5.3, by analyzing how inflation and cost-of-living changes affect purchasing power. Students will also examine how credit history affects borrowing

power and compares the advantages and disadvantages of different types of credit. Building day-to-day decisions into long-term financial planning, FL.HS.5.4 is addressed through introductory instruction on diversified investment strategies that align with personal financial goals and risk tolerance. It will also be addressed through the analysis of how market conditions and policy shifts can influence financial markets and investment outcomes. The unit incorporates FL.HS.5.5 by emphasizing risk management strategies that protect against financial loss and identity fraud. This will be taught by evaluating approaches to avoid, reduce, or accept risk through insurance, identifying the costs and benefits of insurance products, and outlining practical steps to monitor personal financial data. These standards support students in making realistic financial plans, managing consumer responsibilities, and protecting financial well-being through informed decision-making (Colorado Department of Education, 2022).

### **Instructional Materials**

Instructional strategies within the unit reflect research on the multidimensional nature of financial literacy. Rehman and Mia (2024) characterize financial literacy as a construct shaped not only by demographic and socio-economic factors, but also by psychological, societal, financial, and technological influences. Consistent with this framework, this unit incorporates varied learning experiences designed to build cognitive understanding, strengthen financial self-efficacy, and develop practical competencies. Students will engage in applied exercises, simulations, and collaborative tasks that mirror realistic financial decisions. These activities encourage analytical thinking, evaluation of trade-offs, and reflection on consequences.

The instructional materials for this educational unit will primarily consist of structured lectures and applied activities focused on foundational and practical personal finance skills. Each module will last anywhere between one and three weeks, including different activities and

worksheets. The first module will introduce foundational personal finance concepts, emphasizing reliable information and financial decision-making. The second module will focus on sources of income and compensation structures, aligning with the expectations of FL.HS.5.2. The third module will examine budgeting principles, guiding students through income allocation, expense categorization, and financial prioritization. The fourth module will address saving behavior, interest, and strategies for building financial stability. The fifth module will introduce banking systems and money management tools. Students will examine checking and savings accounts, common banking fees, financial institutions, and bank statement interpretation to better understand everyday financial management and resources. The sixth module will focus on borrowing, credit, and long-term financial consequences, emphasizing responsible credit use and evaluation of debt obligations. The seventh module will introduce paycheck interpretation and deductions, allowing students to analyze sample pay stubs and distinguish between different types of income. The eighth module will examine taxation concepts, including the purpose of taxes, common deductions, and filing fundamentals. Students will review simplified tax documents and complete a mock tax simulation to reinforce applied understanding. The ninth module will focus on consumer financial decision-making and purchasing power. Students will examine how inflation affects cost-of-living, practice comparison shopping strategies, and evaluate pricing structures in order to make informed consumer decisions. The tenth module will introduce foundational investing concepts. Students will distinguish between saving and investing, explore the relationship between risk and return, and participate in a portfolio selection simulation designed to demonstrate diversification and long-term investment strategies. The eleventh module will examine financial risk management, insurance principles, and financial protection strategies. Students will identify different types of financial risk, evaluate common forms of insurance coverage, explore common financial scams,

identify methods used to protect personal financial information, and develop a personal financial safety plan. The final module will be dedicated to the development and completion of a comprehensive summative project. During these last weeks, students will apply multiple financial literacy competencies by analyzing a comprehensive financial scenario, constructing a budget, evaluating credit decisions, and demonstrating informed financial decision-making. This project will conclude with either a presentation or project submission accompanied by a written reflection on financial choices and long-term planning.

The modules will include in-class activities designed to increase student engagement and application of concepts. During the budgeting portion, students will complete a budgeting simulation that requires them to allocate income and adjust to unexpected expenses. During the borrowing portion, students will work in groups to compare loan options using the provided terms and calculate long-term costs. During the paystub and tax portion, students will complete a guided paystub analysis and a simplified mock tax filing simulation. Throughout the semester, each lesson will incorporate a hands-on and practical task that will help students understand and apply their knowledge.

### **Assessment Methods**

The assessment methods for this unit will include introductory, formative, and summative evaluations designed to measure students' comprehension and application of personal financial concepts. An introductory assessment administered at the beginning of the unit will help evaluate students' baseline understanding of financial concepts and decision-making strategies. This assessment will provide a gauge of students' prior knowledge and allow them to preview the scope of the course content.

Formative assessments throughout the unit will include quizzes, worksheets, budgeting exercises, and scenario-based evaluations. These assessments highlight conceptual understanding, reasoning skills, and practical application. Activities such as paycheck interpretation and budget planning worksheets will serve as both instructional and evaluative functions by requiring students to apply their knowledge in realistic contexts.

The unit will wrap up with a summative project designed to evaluate students' ability to synthesize multiple competencies. In this project, students will engage with a comprehensive financial scenario that requires them to apply key concepts from the units. Students may be asked to construct a realistic budget, analyze income information, evaluate financial choices, and complete a mock tax return. This project requires students to use reliable information, consider financial consequences, and demonstrate informed decision-making, emphasizing practical applications of personal finance. The summative project is intended to measure students' ability to integrate and apply personal financial literacy skills in a real-world example.

### **Conclusion**

Personal financial literacy is often treated as a skill that individuals acquire through personal experience, yet many young adults encounter significant financial responsibilities before developing any clear understanding of personal finance. Decisions involving income, budgeting, credit, taxes, and financial risk carry long-term consequences that can influence economic stability. Providing structured financial literacy education at the high school level helps students develop foundational knowledge prior to encountering financial responsibilities.

This semester-long educational unit emphasizes practical financial competencies, including income analysis, budgeting, saving, borrowing, and financial protection strategies. Through applied activities and realistic scenarios, students learn to evaluate alternatives, recognize

consequences, and make informed decisions. By connecting instruction to real-world financial situations, the unit promotes financial awareness and confidence in decision-making.

Implementing personal financial literacy instruction within the high school curriculum supports students' preparation for adulthood. This will equip them with transferable financial skills. Early exposure to these concepts can strengthen financial capability and encourage more informed financial behavior beyond the classroom.

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### **Standards Alignment**

This educational unit aligns with the Colorado Academic Standards for Social Studies: High School Standard 5 - Personal Financial Literacy (Adopted 2022).

- **FL.HS.5.1** Apply reliable information to make systematic personal financial decisions based on individual and community values and goals.
- **FL.HS.5.2** Analyze sources of income and the relationship between career preparation, continuing education, and lifetime earning potential.
- **FL.HS.5.3** Apply consumer skills to budgeting, spending, saving, and borrowing decisions.
- **FL.HS.5.4** Explore a diversified investment strategy compatible with personal financial goals.
- **FL.HS.5.5** Choose risk management strategies for protection from financial risk and identity fraud.

Source: Colorado Department of Education (CDE), 2022.

## Schedule

### **Week 1: Reliable Information and Financial Decision-Making**

**Focus:** Financial literacy foundations, reliable information, and consequence of financial choices

- Course overview and expectations
- Introductory baseline assessment (see Appendix A)
- Introduction to financial decision-making concepts
- Identifying reliable vs. unreliable financial information sources
- Personal values and financial goals reflection

### **Week 2: Income and Career Foundations**

**Focus:** Types of income, compensation structures, and the relationship between education and earnings

- Wage, salary, commission, and variable income comparisons
- Education, training, and earning potential discussions
- Career comparison exercise with worksheet
- Quiz over sources of income

### **Week 3: Budgeting Basics: Needs, Wants, and Fixed vs. Variable Expenses**

**Focus:** Needs vs. wants, fixed vs. variable expenses, budgeting vocabulary

- Budget categories and expense classification
- Constructing a budget using a sample income (see Appendix B)
- Spending priorities discussion

### **Week 4: Budgeting Application: Budget Simulation and Unexpected Expenses**

**Focus:** Budget decision-making, trade-offs, and unexpected expenses

- Budget simulation exercises
- Responding to unexpected financial events

- Reflection on decision consequences

### **Week 5: Savings and Interest: Building Financial Stability**

**Focus:** Savings goals, emergency funds, and introduction to interest concepts

- Importance of savings and delayed consumptions
- Simple vs. compound interest discussion
- Types of saving accounts activity
- Quiz on savings and interest concepts

### **Week 6: Banking and Money Management Tools**

**Focus:** Checking and savings accounts, fees, and statement interpretation

- Banking services and account functions
- Reading simplifies bank statements
- Comparing financial institutions (different banks and credit unions)
- Bank statement interpretation worksheet

### **Week 7: Credit and Borrowing Foundations**

**Focus:** Purpose of credit, interest rates, APR, and borrowing

- Credit basics and terminology
- Credit concepts quiz
- Interest cost comparisons
- Responsible borrowing discussions

### **Week 8: Credit Scores and Borrowing Power**

**Focus:** Credit history and evaluating credit offers

- Factors impacting credit scores
- Interpret credit score

- Credit offer comparison activity

### **Week 9: Loan Comparison and Long-Term Cost Analysis**

**Focus:** Loan structures, total repayment cost, and decision evaluation

- Loan terminology and calculations
- Comparing loan options
- Loan comparison mini project
- Group analysis activity

### **Week 10: Paychecks and Compensation Interpretation**

**Focus:** Gross pay, net pay, and deductions

- Pay stub structure and components
- Sample pay stub analysis and worksheet (see Appendix C)
- Comparing job compensation scenarios

### **Week 11: Taxation Fundamentals**

**Focus:** Purpose of taxes and basic tax vocabulary

- Types and purposes of taxes
- Tax vocabulary quiz
- Withholding concepts
- Simplified tax document review

### **Week 12: Tax Filing Application**

**Focus:** Filing process and procedural understanding

- Guided mock tax filing simulation
- Independent mock filing practice
- Error prevention discussion

**Week 13: Consumer Skills and Purchasing Power**

**Focus:** Inflation, cost-of-living, and comparison shopping

- Inflation and purchasing power examples
- Consumer decision exercise and worksheet
- Evaluating pricing structures

**Week 14: Investing Basics and Diversification**

**Focus:** Risk vs. return and diversification concepts

- Saving vs. investing distinctions
- Risk tolerance activity
- Portfolio selection simulation
- Investing basics

**Week 15: Financial Risk and Insurance**

**Focus:** Risk management strategies and insurance principles

- Types of financial risk
- Insurance terminology and evaluation
- Scenario-based decision analysis about insurance

**Week 16: Identity Theft and Financial Protection**

**Focus:** Protecting financial information and fraud prevention

- Common financial scams
- Identity protection strategies
- Financial safety planning
- Personal protection plan

**Week 17: Summative Project Development**

**Focus:** Integrating financial literacy competencies

- Introduce final summative project (see Appendix D)
- Work sessions on a comprehensive financial scenario
- Budget, income, and credit decision construction
- Instructor feedback and revision
- Project checkpoint

**Week 18: Summative Project Completion and Reflection**

**Focus:** Demonstrating applied financial literacy

- Finalizing financial scenario portfolio
- Presentation or submission of the project
- Reflection on financial decision-making

## **Assessment Methods**

### **Introductory Assessment:**

This will be an ungraded assessment administered at the beginning of the unit to evaluate students' baseline understanding of financial concepts. This assessment provides insight into prior knowledge and prepares students for upcoming topics.

### **Formative Assessments:**

There will be ongoing evaluations throughout the semester, including quizzes, worksheets, budgeting exercises, and applied decision-making tasks. These assessments monitor comprehension while reinforcing practical application of financial concepts.

### **Summative Project:**

This will be an assessment at the end of the semester where students will be required to synthesize multiple personal financial literacy competencies. Students construct a realistic budget, analyze income, evaluate borrowing decisions, and interpret a sample paystub. This will be set up as an individual project that will include writing and analyzing to show students' understanding of everything learned in this unit. This will measure students' ability to apply reliable information and demonstrate informed financial reasoning. See example in Appendix D.

## **Instructional Activities**

### **Budgeting Simulations:**

This simulation will have students allocating hypothetical income across expenses, responding to financial disruptions, and revising spending plans. These simulations emphasize real-world decision-making and consequences. See example in Appendix B.

### **Financial Scenario Analysis:**

These will have students evaluate realistic financial situations, identify decision alternatives, and justify their choices. These will help strengthen reasoning and application skills.

### **Credit and Borrowing Comparisons:**

This activity will have students comparing loan terms, analyzing interest implications, and assessing borrowing tradeoffs. This will include group discussions to encourage critical evaluation of financial obligations.

### **Paystub Interpretation Exercises:**

This exercise will have students analyze sample pay stubs to distinguish earnings, deductions, and net income. This activity connects income concepts with practical financial understanding. See example in Appendix C.

### **Differentiation Strategies**

Instructions within this unit incorporate multiple strategies to accommodate diverse learning needs. Concepts will be presented using varied instructional methods, including direct instruction, guided practice, visual support, and collaborative activities. Applied exercises and simulations provide alternative pathways for demonstrating understanding beyond traditional assessments. Additional help, structured examples, and modified assignments may be provided when necessary to support comprehension and engagement. These strategies ensure students with varying academic backgrounds and learning preferences can meaningfully participate and develop financial literacy skills.

## Appendix A

### Introductory Financial Literacy Assessment

This is an ungraded assessment administered at the beginning of the instructional unit to evaluate students' baseline understanding of personal finance concepts and financial decision-making strategies. Students' responses will help identify your prior knowledge, and the topics will prepare you for what will be covered throughout the course.

#### Part 1: Multiple Choice

- 1) Which of the following best describes a budget?
  - a) A list of everything someone wants to buy
  - b) A plan for how income will be spent and saved
  - c) A list of monthly bills
  - d) A bank statement showing deposits and withdrawals
- 2) Which of the following is an example of a fixed expense?
  - a) Gas for a car
  - b) Groceries
  - c) Entertainment spending
  - d) Monthly rent payment
- 3) What is the main purpose of saving money?
  - a) To prepare for future expenses and emergencies
  - b) To avoid paying taxes
  - c) To increase monthly spending
  - d) To eliminate the need for budgeting
- 4) What does interest mean in a financial context?
  - a) A government tax on income
  - b) Money earned on savings or paid on borrowed money
  - c) A payment made only when using credit cards
  - d) A fee paid to open a bank account
- 5) What is a credit score used for?
  - a) Calculating income from a job
  - b) Tracking monthly spending
  - c) Measuring how trustworthy someone is when borrowing money
  - d) Determining how much tax someone pays
- 6) What impacts a credit score?
  - a) The number of hours someone works
  - b) Payment history
  - c) The balance of a checking account
  - d) Purchases made with a debit card
- 7) Which of the following best describes net pay?

- a) Income earned from investments
  - b) The amount of money received after taxes and deductions
  - c) Total income before taxes
  - d) The total number of hours worked
- 8) What are ways to protect financial information and identity?
- a) Using strong passwords and monitoring accounts
  - b) Sharing passwords with trusted friends
  - c) Ignoring suspicious emails
  - d) Posting bank information online
- 9) What is the most basic tax form workers get from their employer reporting their compensation received during the tax year?
- a) 1099
  - b) W-4
  - c) W-2
  - d) 1040
- 10) Which of these is a type of bank?
- a) Insurance company
  - b) Retail store
  - c) Credit Union
  - d) Restaurant
- 11) If someone takes out a loan, what are they agreeing to do?
- a) Save money in a bank account
  - b) Invest money in stocks
  - c) Pay taxes to the government
  - d) Borrow money and repay it with interest later

**Part 2: Short Answer**

1. What is personal finance to you?
2. What does the word budget mean to you? Describe how someone might use a budget.
3. What financial topics do you feel most confident about right now?
4. What financial topics would you like to learn more about during this course?

## Appendix B

### Budgeting Simulation

This simulation will have students allocate a hypothetical monthly income across common expense categories such as housing, food, transportation, savings, and discretionary spending. Students will first construct an initial budget based on a financial scenario provided, they will be asked to use research to help justify realistic costs for key categories like groceries and transportation. After completing their initial budget, students will be presented with unexpected financial disruption, such as emergency repairs or medical expenses. Students must then revise their spending plans and adjust to maintain a balanced budget.

**Scenario:** You have recently graduated from college and started your first full-time job. You earn \$2,400 per month after taxes. You share an apartment with a roommate and are responsible for your own living expenses. Your goal is to create a monthly budget that covers your necessary expenses while also allowing you to save money.

#### Step 1: Create An Initial Budget

Students must allocate their \$2,400 monthly income across the following categories, setting aside money for each expense at their discretion, as outlined below. Make sure total expenses do not exceed \$2,400!

Expenses	Monthly Cost
Rent (utilities included) - \$980	\$---
Groceries	\$---
Transportation	\$---
Health Insurance - \$120	\$---
Entertainment	\$---
Savings Contribution	\$---
Miscellaneous expense	\$---

#### Questions:

- 1) Which expenses are fixed vs. variable?
- 2) How much should be set aside for savings or emergencies?
- 3) How did you estimate your different costs like groceries or transportation? What sources did you use?

#### Step 2: Financial Disruption Activity

After students complete their initial budget, they draw a financial disruption card that simulates an unexpected financial event.

#### Examples of cards include:

1. Your car needs repairs. You must pay \$450 this month.
2. Your work hours were reduced this month. Your income drops by \$300 to \$2,100.
3. Your phone breaks and must be replaced for \$250.

4. You receive a \$270 bonus from work.
5. Your utilities bill goes up, so you must cover an additional \$150 for rent.

Students must now revise their budgets to respond to the new situation while keeping their spending balanced.

**Questions:**

- 1) What changes did you make to your original budget?
- 2) Which expenses were easiest to adjust? Which were hardest?
- 3) Would you have done anything differently from the first step now?
- 4) What strategies could help someone prepare for unexpected expenses in real life?

## Appendix C

### Paystub Interpretation

Students will be given a sample pay stub and asked to identify earnings, deductions, and net income. Given the hours worked and the hourly wage, students will need to calculate the applicable deductions and pay.

#### Sample Paystub

**Pay Period: March 1 - March 15**

**Hours Worked: 80**

**Hourly Wage: \$18.00**

**State: Colorado**

#### Earnings:

Regular Pay = \$1,440

#### Deductions:

Federal Income Tax = \$144

State Income Tax = \$63.36

Social Security = \$89.28

Medicare = \$20.88

Retirement Contribution (3%) = \$43.20

#### Summary:

Gross Pay = \$1,440

Total Deductions = \$360.72

Net Pay = \$1,079.28

#### Questions:

- 1) How much money was taken out for taxes?
- 2) Which deductions are voluntary benefits rather than taxes?
- 3) If they want to create a budget, what amount should they base it on? Why?
- 4) Why is there a difference between gross pay and take-home pay?

## Appendix D

### Personal Finance Summative Project

Students will be given the following scenario and will need to complete the project and written reflection. You are a recent high school graduate who has accepted your first full-time job in Colorado. You must create a financial plan that helps you manage your income, expenses, and financial responsibilities. Using the information provided, you will analyze your income, interpret a paystub, create a monthly budget, evaluate a loan, and complete a tax return.

#### Income Analysis and Example Paystub:

##### Sample Paystub:

Annual Salary = \$65,000

Pay Schedule = Biweekly

Gross Pay Biweekly = \$2,500

##### Deductions:

Federal Income Tax = \$246

State Income Tax = \$110

Social Security = \$155

Medicare = \$36.25

Health Insurance = \$150

Total Deductions = \$697.25

Net Pay = \$1,802.75

##### Monthly Budget Creation:

**Estimated Monthly Take-Home Income:** \$3,905.96

Rent (utilities included) = \$1,450

Food = \$

Transportation = \$

Savings = \$

Entertainment = \$

Miscellaneous = \$

##### Borrowing Decision:

Your car breaks down, and repairs cost \$1,200. You have two options for financing:

Option #1: Credit Card

- Interest rate = 18% APR
- Balance \$1,200
- Plan: Pay off in 6 months

Calculate monthly payment = \$218

Option #2: Personal Loan

- Loan = \$1,200
- APR: 8%
- Time: 6 months

Calculate monthly payment = \$208

### Questions

Which option will likely cost less in interest over time?

Which option fits better within your budget?

Explaining which option, you would choose to finance the repairs and why.

### Tax Activity:

#### Taxpayer Information:

- Filing status: Single
- Age: 22
- Annual Gross Income: \$65,000
- No dependents

#### Answer the following questions:

1. What is your filing status? Single
2. What is the standard deduction? \$14,600
3. Calculate taxable income = \$50,400
4. Calculate taxes owed = \$6,395.50
5. Calculate taxes already paid = \$6,396
6. Does this result in a refund, or do you owe? How much? Refund of \$0.50

### Written Reflection:

Students will write a 1–2 page reflection addressing:

- What was the most challenging financial decision and how?
- How budgeting and planning affect financial stability.
- What they learned about taxes and income.
- How is all of it connected?
- How will they apply these financial skills in their own lives?

### Personal Finance Summative Project Rubric (100 Points Total)

- 1) Income Analysis and Paystub (10 points)
  - a) 10 points - All values correctly identified and calculated (gross pay, deductions, net pay)
  - b) 8 points - Minor calculation or labeling errors
  - c) 5 points - Multiple errors, shows partial understanding
  - d) 0-3 points - Incomplete or mostly incorrect
- 2) Monthly Budget Creation (20 points)
  - a) 20 points - Budget is realistic, totals correctly, aligns with income, and includes all categories with reasonable amounts

- b) 15 points - Mostly accurate with minor math errors or slightly unrealistic allocations
  - c) 10-12 points - Missing 1-2 categories OR significant imbalance in spending
  - d) 0-8 points - Incomplete, unrealistic, or does not align with income
- 3) Borrowing Decision Calculations (10 points total)
- a) Calculations and Comparison (5 points)
    - i) 5 points - Correct calculations and clear comparison
    - ii) 3 points - Minor errors with correct reasoning
    - iii) 1-2 points - Partial work or unclear comparison
  - b) Written Explanation (5 points)
    - i) 5 points - Clearly justifies choice using interest, total cost, and budget impact
    - ii) 3 points - Explanation is missing one factor
    - iii) 1-2 points - Limited reasoning
- 4) Tax Calculations (25 points total)
- a) Filing Status and Standard Deduction (5 points)
    - i) 5 points - Both correct
    - ii) 3 points - One correct
    - iii) 0 points - Both incorrect
  - b) Taxable Income (5 points)
    - i) 5 points - Correct
    - ii) 3 points - Minor error
    - iii) 0 points - incorrect
  - c) Taxes Owed and Paid (10 points)
    - i) 10 points - Both correct and clearly shown
    - ii) 7 points - One correct or minor errors
    - iii) 4-5 points - Partial understanding
    - iv) 0-3 points - Incorrect
  - d) Refund/Owed Result (5 points)
    - i) 5 points - Correct conclusion and amount
    - ii) 3 points - Correct conclusion or amount
    - iii) 0 points - Incorrect
- 5) Written Reflection (35 points)
- a) Content and Depth (20 points)
    - i) 20 points - Thorough, thoughtful, addresses all prompts
    - ii) 15 points - Mostly complete with some depth
    - iii) 10-13 points - Basic responses with little depth
    - iv) 0-9 points - Incomplete or superficial
  - b) Connection and Application (10 points)
    - i) 10 points - Strong connections across topics, real-life application, and project
    - ii) 7 points - Some connections made
    - iii) 4-5 points - Limited connection

- iv) 0-3 points - Missing or weak connections
- c) Clarity and Organization (5 points)
  - i) 5 points - Clear, organized, and minimal errors
  - ii) 3 points - Some issues
  - iii) 0-2 points - Messy and hard to follow