Standards Instructional Guidance: HS.PFE.B - Banking, Investing, Repayment and Saving

High School Personal Finance Education (HS.PFE) – Adopted 2024

VERSION 1.0

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Standard: HS.PFE.B.1

Standard Statement

Describe the roles of various types of financial institutions, and explore products and services provided by these institutions.

Key Concepts

- Students can understand the roles of various types of financial institutions, which could include, but are not limited to:
    - Banks or Brokerage Firms
    - Credit Unions
    - Online Lenders
    - Consumer Financial Protection Bureau
    - Internal Revenue Service (IRS)
- Students can explore products and services provided by various financial institutions, which could include, but are not limited to:
    - Checking accounts
    - Savings accounts
    - Automated Teller Machines (ATMs)
    - Check cashing services
    - Loans (e.g. personal, car, mortgage, education)
    - Investment accounts and services (e.g., stocks, mutual funds, bonds, certificates of deposit, annuities, IRAs, 401K)
    - Crypto transactions
    - Electronic transfers (e.g., Venmo, PayPal)

Essential Questions

By the end of the unit, students should be able to answer:
What are the various financial products and services offered by financial institutions?
How can individuals effectively use various financial products and services to manage their finances?

Considerations

Socio-Economic:

- Students may come from families that are unbanked or underbanked, which can limit familiarity with traditional financial services and products.
- Exposure to financial institutions and trust in their services often varies based on income, geographic access, and prior experiences.
- Some students may be more familiar with alternative financial services, such as payday lenders or check-cashing services, which often carry higher costs and risks.
- Awareness of predatory lending practices, such as high-interest payday loans, can help students understand how these services can contribute to long-term financial instability.
- Learning about more secure and affordable alternatives—such as credit unions, community banks, and emergency savings—can empower students to make informed choices.

Culturally Responsive:

- Cultural values and community experiences can shape how families view and use financial institutions.
- In some communities, financial decisions may prioritize group well-being, while others focus on individual financial goals—these perspectives can influence banking behaviors.
- Generational experiences with financial institutions, including distrust or limited access, may affect how students perceive these entities.
- Multilingual materials and culturally relevant examples can help bridge gaps and ensure inclusivity in financial education.
- Encouraging dialogue about how cultural norms influence financial decision-making promotes greater understanding and respect for diverse experiences.

Strength-Based:

- Students bring existing financial experiences, whether through family, community, or personal interactions with financial tools like savings apps or online payment systems.
- Exploring a variety of financial products from different types of institutions can help students find services that meet their unique needs and goals.
- Comparing institutions based on accessibility, fees, and customer support helps students make thoughtful decisions suited to their circumstances.
- Inviting community-based financial professionals as guest speakers can make financial systems more relatable and inspire confidence in navigating them.
- Emphasizing financial advocacy equips students to ask questions, understand their rights, and take charge of their financial well-being.

Vocabulary

Term	Definition
Investment	An investment refers to allocating money or resources with the expectation of generating future income or appreciation. It involves purchasing assets (such as stocks, bonds, real estate, or mutual funds) to achieve financial goals. Investments can grow wealth over time, but they also carry risks. Choosing the right investment strategy is crucial for long-term financial stability.
Deposit	A deposit is money placed into a bank account. It can be a savings account, checking account, or certificate of deposit (CD). Deposits provide a safe place to store money, earn interest, and facilitate financial transactions.
Checking	A checking account is a type of bank account that allows frequent withdrawals and payments. It's used for everyday transactions like paying bills, writing checks, and using a debit card. Checking accounts provide liquidity and convenience for managing daily expenses.
Savings	A savings account is designed for accumulating funds over time. It typically offers interest but limits the number of withdrawals. Savings accounts promote saving, emergency funds, and short-term financial goals.
Bank Statement	A bank statement is a summary of a customer's financial transactions within a specific period. It includes deposits, withdrawals, and account balances. Bank statements help track spending, monitor account activity, and reconcile finances.
Interest	Interest is the cost of borrowing money or the return earned on investments. It's expressed as a percentage. Interest affects loan costs, savings account earnings, and investment returns.
Yield	Yield represents the income generated by an investment (such as dividends, interest, or capital gains) relative to its cost or current value. Yield informs investment decisions by assessing potential returns.
Financial Services	Financial services encompass various offerings provided by banks, credit unions, investment firms, and insurance companies. Examples include banking, lending, investment management, and insurance. Access to financial services influences how individuals manage money, invest, and protect their assets.
Financial Stability	Financial stability refers to a state where financial institutions, markets, and systems can function effectively without excessive risk or disruptions. A stable financial environment supports economic growth, job security, and individual well-being.

Term	Definition
Rule of 72	The Rule of 72 is a simple formula used to estimate how long it takes for an investment to double in value based on a fixed annual rate of return. The formula is: Years to Double = $\dfrac{72}{\text{Annual Rate of Return}}$. The Rule of 72 helps investors understand the power of compounding and make informed decisions about investment time horizons.

Sample Student Activities

Simulate Mock Bank Account(s to help students understand how real bank accounts work, including fees, interest, and account management.

- Create a simulated bank account experience for students where they can choose an account type (savings, checking, etc.).
- Have students simulate tracking transactions, deposits, and withdrawals over time.

Create a scenario where students balance a checking/debit account to develop practical skills in managing accounts, tracking expenses, and avoiding overdrafts.

- Provide students with a sample checking or debit account statement.
- Ask them to reconcile transactions, calculate the balance, and identify any discrepancies.

Additional Examples:

Types of Banking Accounts and Services:

- Differentiate between common banking accounts, including checking accounts (for daily transactions) and savings accounts (for saving money).
- Learn about additional services like certificates of deposit (CDs), money market accounts, and individual retirement accounts (IRAs).
- Learn about brokerage accounts that facilitate investment in stocks, bonds, mutual funds, ETFs, etc.

Types of possible further explorations and discussions could include:

- Opening a Bank Account:
    - Know the steps to open a bank account, including required documents and fees.
    - Understand the benefits of having a bank account, such as safety, convenience, and access to financial services.
- Interest vs. Yield:
    - Describe the difference between interest (the cost of borrowing or the return on savings) and yield (the overall return on an investment).

- Balancing a Checking Account:
  - Learn how to reconcile a checking account by comparing your records (checkbook register) with the bank statement.
  - Understand the importance of tracking credits (deposits) and debits (withdrawals).
- Banks vs. Credit Unions:
  - Compare traditional banks and credit unions.
  - Consider factors like fees, customer service, and community focus when choosing between them.
- Opening a Brokerage Account:
  - Know the steps to open a brokerage account, including required documents and fees.
  - Understand the drawbacks and benefits of various brokerage firms (fees, research, types of securities, ease of trade).
- Mobile Banking and Online Banking:
  - Explore the pros and cons of mobile banking (using apps on smartphones) and online banking (accessing accounts via the internet).
  - Understand security measures and the convenience associated with these digital options.
- Challenges of Being Underbanked or Unbanked:
  - Discuss the problems faced by individuals who are underbanked (limited access to banking services) or unbanked (no bank account at all).
  - Address issues related to financial exclusion, reliance on alternative financial services, and lack of financial stability.

Supplemental Resources

External Links
Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.
Federal Deposit Insurance Corporation (FDIC) Money Smart Consumer Resource Center for Young Adults The FDIC's Money Smart financial education program is designed to assist individuals aged 16-24 in improving their financial literacy and building strong relationships with financial institutions. It offers practical tools and information to help participants manage their money effectively, including short, realistic scenarios featuring diverse financial situations, allowing them to apply what they've learned and build confidence in their financial decision-making.
EconEdLink Basics of Personal Finance Video Collection This resource offers students in grades 6-12 the opportunity to explore the fundamentals of personal finance through brief 2–5-minute videos covering current topics such as insurance, saving, investing, and more. After watching each video, students can test their knowledge with a quick quiz on Kahoot!
Explore a Bank or Credit Union Activity PDF The Consumer Financial Protection Bureau offers this hands-on activity to research a local bank or credit union, helping young adults learn what to consider when choosing a financial institution. The targeted age range is 13-21.

Standard: HS.PFE.B.2

Standard Statement

Develop goals for building assets using various investment options, and identify potential risks and rewards for a given strategy.

Key Concepts

- Students can develop goals for building assets which could include, but are not limited to:
    - Understanding that building wealth involves setting financial goals
    - Identify short, medium, and long-term goals and consider future needs (e.g., savings, retirement, major purchases)
    - Importance of starting early to benefit from compounding interest or yields over time
- Students can understand various investment options which could include, but are not limited to:
    - Explain the benefits of tax-advantaged retirement accounts (e.g., 401(k), IRA)
    - Discuss investing in individual company stocks and dividends earned
    - Explain fixed-income investments
    - Explore diversified investment funds (e.g., Mutual Funds and Exchange Traded Funds)

Essential Questions

By the end of the unit, students should be able to answer:
How can you set effective asset-building goals considering short, medium, and long-term needs?
Why is it important to start your financial journey early?
What are the benefits and risks associated with different investment options, such as retirement accounts, stocks, bonds, and mutual funds?

Considerations

Socio-Economic:

- Students' familiarity with financial products may vary, especially if their families have limited experience with banks, loans, or investment accounts.
- Financial instability within a student's family can shape their perceptions of saving, investing, and risk—some may see investing as unattainable.
- Generational poverty can influence whether students view financial planning as relevant to their lives.
- Starting with foundational concepts such as budgeting, goal-setting, and the power of compounding interest can build confidence and accessibility for all learners.
- Creating a supportive, inclusive classroom helps students feel safe to share their experiences and questions.

Culturally Responsive:

- Students' comfort with and understanding of financial concepts may reflect cultural values around saving, spending, and risk-taking.
- In some cultures, there may be an emphasis on avoiding financial loss (risk-averse), while others may embrace entrepreneurship or higher-risk investments (risk-tolerant).
- Clarifying key financial terms such as "asset," "investment," "risk," and "reward" can ensure that all students can engage in discussions and goal-setting.
- Cultural attitudes often shape individual approaches to money management. Acknowledging these differences can create space for inclusive conversations.
- Sharing examples from different cultural perspectives can help students relate to and learn from diverse experiences.

Strength-Based:

- Students often bring resilience and resourcefulness from navigating personal or family financial challenges.
- Highlighting stories of people who started with limited resources and built financial stability can inspire hope and motivation.
- Emphasizing that financial independence is possible for everyone can counter negative assumptions or limiting beliefs.
- Providing access to relatable role models such as community members or alumni can help students see themselves reflected in pathways to asset-building.
- Encouraging students to define and pursue their own asset-building goals, tailored to their circumstances, reinforces agency and ownership.

Vocabulary

Term	Definition
Capital	Capital refers to the financial resources (such as money, assets, or investments) that individuals, businesses, or governments use to generate income or fund operations. Capital availability influences investment decisions, business growth, and financial stability.
Stock	A stock represents ownership in a publicly traded company. Investors buy shares of stock, which entitle them to a portion of the company's profits and voting rights. Investing in stocks can lead to capital appreciation, dividends, and exposure to market risks.
Bond	A bond is a debt security issued by corporations, municipalities, or governments. Bondholders lend money to the issuer in exchange for periodic interest payments and return of principal at maturity. Bonds provide fixed income, diversification, and stability in investment portfolios.
Securities	Securities are financial instruments representing ownership (stocks) or debt (bonds). They are traded in financial markets. Securities offer investment opportunities, liquidity, and risk exposure.
Mutual Fund	A mutual fund pools money from multiple investors to invest in a diversified portfolio of stocks, bonds, or other securities. Mutual funds provide professional management, diversification, and accessibility for individual investors.
Money Market Account	A money market account is a type of savings account with higher interest rates. It offers liquidity and safety. Money market accounts balance yield and accessibility for short-term savings.
Individual Retirement Account (IRA)	An IRA is a tax-advantaged retirement account where individuals can save for retirement. Types include traditional IRAs and Roth IRAs. IRAs offer tax benefits and long-term savings options.
Certificate of Deposit (CD)	A CD is a time deposit with a fixed term and interest rate. It restricts withdrawals until maturity. CDs provide predictable returns but limit liquidity.
Brokerage Fund	A brokerage fund is not a standard term. However, a brokerage account allows investors to buy and sell securities through a brokerage firm. Brokerage accounts facilitate trading, investment diversification, and portfolio management.

Sample Student Activities

Stock Market Game: Understand stock market dynamics, learn about different companies, and experience the impact of market fluctuations.

- Participate in a virtual stock market simulations
- Students create portfolios, buy/sell stocks, and track their performance over time.

Comparing Costs and Hypothetical Yields: Develop critical thinking skills by analyzing real-world investment scenarios.

- Provide students with information on various investment options (e.g., savings accounts, stocks, bonds).
- Ask students to compare costs (fees, expenses) and potential yields (returns).

Case Studies and Scenarios:

- Present students with case studies involving different investment strategies. For instance:
  - Scenario 1: Investing in a tech startup
  - Scenario 2: Purchasing government bonds
  - Scenario 3: Diversifying a portfolio
- Discuss potential risks (e.g., market volatility, inflation) and rewards (e.g., compounding interest, capital gains).

Additional Examples

Types of Possible Explorations & Discussions:

- Opening a Brokerage Account:
  - Know the steps to open a brokerage account, including required documents and fees.
  - Understand the drawbacks and benefits of various brokerage firms (fees, research, types of securities, ease of trade).
- Start with Your Goals and Expected Time Frame:
  - Make a list of financial goals. Consider both short-term (within 12 months) and long-term goals.
  - Sort goals by short, medium and long term or how long an individual will need to hold investments until you require the money.
  - If goals are too aggressive (e.g., retiring early), an individual might take on excessive risk, leading to potential losses.
  - Aligning investments with specific goals allows an individual to stay focused and work toward achieving them.
- Understand Your Risk Tolerance:
  - Assess comfort level with risk. Some investments are riskier but offer higher potential returns.
  - Discuss the trade-off between higher potential returns (reward) and increased risk (volatility).
  - Align risk tolerance with investment choices.

    - Ignoring risk tolerance can lead to emotional stress during market fluctuations. Taking on more risk than what is comfortable may result in panic selling.
    - Individuals knowing risk tolerance helps to choose investments that match the psychological comfort level.
- Match Account Types with Goals:
    - Different accounts serve different purposes. For example:
        - 401(k) Plans and IRAs: Long-term retirement savings.
        - Savings Accounts or CDs: Short-term emergency funds.
        - 529 Plans: Education savings.
    - Ensure each account type aligns with specific goals.
    - Using the wrong account type (e.g., taxable vs. tax-advantaged) can lead to unnecessary taxes or penalties.
    - Properly utilizing tax-advantaged accounts (like IRAs or 401(k)s) can enhance your long-term returns.
- Select Investments:
    - Explore investment options such as stocks, bonds, mutual funds, and real estate.
    - Consider risk tolerance, time horizon, and desired returns.
    - Investing in individual stocks or speculative assets can be volatile. High-risk investments may lead to substantial losses.
    - Diversifying across asset classes (stocks, bonds, real estate) balances risk and potential returns.
- Create Your Asset Allocation and Diversify:
    - Asset allocation means dividing your investments across different asset classes (e.g., stocks, bonds).
    - Diversify within each asset class to spread risk.
    - Use tools like asset allocation calculators to find the right mix.
    - Poor asset allocation (e.g., putting all funds in one stock) exposes an individual to concentrated risk.
    - Diversification across different assets reduces risk and enhances overall portfolio stability.
- Monitor, Rebalance, and Adjust:
    - Regularly review portfolios. Adjust as needed based on changing goals, market conditions, and life events.
    - Rebalance periodically to maintain desired asset allocation.
    - Neglecting the portfolio(s) can lead to outdated allocations. Failing to rebalance may result in overexposure to certain assets.
    - Regular monitoring allows an individual to adjust portfolio(s) based on changing market conditions and maintain optimal risk-return balance.

Supplemental Resources

External Links
Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.
Stock Market Game Sponsored by the Oregon Council on Economic Education, is an online simulation of the global capital markets. It engages students in grades 4-12 in the world of economics, investing, and personal finance. The Stock Market Game prepares students for financially independent futures by teaching them the fundamentals of personal finance and investing. Over a 10-week session, students learn while practicing skills in math, economics, social studies, and other subjects.
Making Finance Personal: Project-Based Learning for the Personal Finance Classroom Project 8: Saving and Investing for the Long Term is a resource from the Federal Reserve Bank of Atlanta.

Standard: HS.PFE.B.3

Standard Statement

Evaluate repayment strategies, risks and costs for various types of consumer credit use, including simple or compound interest calculations.

Key Concepts

- Students can evaluate repayment strategies for various types of credit options which could include, but are not limited to:
    - Revolving Credit Repayment
    - Installment Credit Repayment
    - Variable and fixed interest rates
    - Debt Management Plans (DMP)
    - Revised Budget Planning
    - Borrowing agreements
    - Bankruptcy
    - Short-term payday loans

Essential Questions

By the end of the unit, students should be able to answer:
What are the key differences between revolving credit (e.g., credit cards) and installment credit (e.g., auto loans or furniture financing)?
How do these differences impact repayment strategies and overall costs?
What options can you explore to manage debt repayment effectively?

Considerations

Socio-Economic:

- Students' experiences with credit and repayment can vary widely depending on family income, access to financial services, and familiarity with credit systems.
- Some students may have never had a bank account or may rely on alternative financial services—such as check cashing or prepaid cards—which often carry higher fees and risks.
- Flexible repayment strategies—like income-based plans, loan forbearance, or debt consolidation—can offer important options for managing credit in financially challenging times.
- Low-income households may face systemic barriers to repayment, including predatory lending practices or limited access to fair loan terms.
- Building students' awareness of these repayment options and credit risks can empower informed decisions and support long-term financial stability.

Culturally Responsive:

- Cultural values influence how students and their families view borrowing, risk, and debt repayment.
- In some collectivist cultures, there may be an emphasis on protecting family honor and stability by minimizing debt and seeking community input.
- In individualistic cultures, credit may be seen as a tool for personal advancement, such as pursuing education or entrepreneurship.
- Cultural attitudes can also shape perceptions of bankruptcy—some view it as shameful, while others see it as a path to financial recovery.
- Recognizing these diverse perspectives can help make discussions around repayment and risk more inclusive and relevant.

Strength-Based:

- Students often have strengths—such as budgeting skills, discipline, or community support—that can be leveraged to manage credit responsibly.
- Challenges in repayment, like missed payments, can be reframed as learning opportunities and stepping stones to better financial habits.
- Celebrating small milestones, like making on-time payments or adjusting spending plans, can reinforce students' financial confidence.
- Encouraging students to set realistic repayment goals that align with their values and lived experiences can support a sense of ownership and agency.

Vocabulary

Term	Definition
Schumer Box	A legally required cheat sheet for credit cards that provides an at-a-glance reference for key information that must be shown to card applicants by law. Information needs to include information on Interest Rates (APR) and Fees.
Revolving Credit Repayment	Revolving credit is a credit line that remains available even as you pay the balance. Borrowers can access credit up to a certain amount and then have ongoing access to that amount of credit. They can repay the balance in full or make regular payments. Revolving credit provides flexibility but requires responsible management to avoid excessive debt.
Installment Credit Repayment	Installment credit (e.g., auto loans, furniture financing) involves borrowing a lump sum and repaying it in fixed installments over a specified period. Payments include both principal and interest. Installment credit allows planned repayment and helps build credit history.
Variable and Fixed Interest Rates	Variable Interest Rate: A rate that can change based on market conditions or an underlying benchmark (e.g., prime rate). It may fluctuate over time. Fixed Interest Rate: An unchanging rate charged on a loan or debt obligation. It remains constant throughout a set period. Choosing between variable and fixed rates depends on risk tolerance and market conditions.
Debt Management Plans (DMP)	A DMP is a structured repayment plan to help repay outstanding debt. Credit counseling agencies negotiate payment plans with creditors on behalf of the borrower. DMPs provide a way to manage debt, reduce interest rates, and strengthen financial stability.
Revised Budget Plan	A revised budget plan involves adjusting your existing budget to allocate more funds toward debt repayment. It helps prioritize debt reduction. A revised budget ensures better financial management and progress toward debt elimination.
Bankruptcy	Bankruptcy is a legal process where individuals or businesses declare inability to repay debts. It allows for debt discharge or restructuring. Bankruptcy has serious consequences but can provide relief from overwhelming debt.
Short-Term Payday Loans	Payday loans are short-term, high-interest loans often used in emergencies. They can lead to debt cycles due to their high fees and interest rates.

Sample Student Activities

Debt Repayment Scenarios:

- Provide students with different debt scenarios (e.g., credit card balances, student loans, car loans).
- Ask them to calculate how long it will take to pay off the debt using various payment options:
  - Minimum payments: Show the extended time it takes to pay off with minimum payments.
  - Fixed payments: Calculate the duration with consistent fixed payments.
  - Aggressive payments: Explore paying more than the minimum to accelerate debt repayment.
- Discuss the trade-offs between paying less over time versus paying more upfront

Calculate Simple and Compound Interest: Understand the difference between simple and compound interest and apply the formulas.

- Present scenarios where students need to calculate interest.
- For simple interest, provide a principal amount, interest rate, and time period.
- For compound interest, include compounding intervals.

Additional Examples

- Installment Credit Repayment:
  - Positive Strategy: Regularly pay the agreed-upon installments until the debt is fully repaid. Consistent payments build a positive credit history.
  - Negative Strategy: Missing payments can negatively impact credit scores and lead to additional fees or penalties.
- Revolving Credit Repayment:
  - Positive Strategy: Pay off the balance in full each month to avoid interest charges. Responsible use of credit cards maintains a healthy credit profile.
  - Negative Strategy: Making only minimum payments can lead to accumulating interest and long-term debt.
- Debt Management Plans (DMP):
  - Positive Strategy: Consider a DMP to consolidate debts. The agency negotiates with creditors for lower interest rates and manageable payments. Fees may apply.
  - Negative Strategy: Avoiding DMPs or ignoring debt can worsen financial stress and hinder debt repayment.
- Revised Budget Plan:
  - Positive Strategy: Cut unnecessary expenses and/or increase income. Allocate surplus funds toward paying off debt systematically.
  - Negative Strategy: Failing to adjust the budget may prolong debt repayment and hinder financial progress.

- Bankruptcy:
  - Positive Strategy: Consult a bankruptcy attorney if other options are unfeasible. Understand the consequences and implications of bankruptcy.
  - Negative Strategy: Rushing into bankruptcy without exploring alternatives can have long-lasting effects on credit and financial stability.
- Payday Loans:
  - Positive Strategy: Understand the risk and costs associated with payday loans.
  - Negative Strategy: Relying on payday loans frequently can lead to a cycle of debt due to high fees and interest rates.

Supplemental Resources

External Links
Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.
Interest: The Cost of Borrowing Money Lesson and Resource Links This lesson plan, developed by Rutgers and the New Jersey Department of Education, focuses on credit and interest accumulation. Many additional resources can be used in conjunction with the lesson or separately related to credit card use, interest, and debt accumulation.
Take Control of Debt – The Cost of Credit Lesson This lesson from the Federal Reserve Bank of Dallas helps students understand the relationship between credit and debt. Students evaluate real-world credit scenarios to decide which options they would choose and why. This lesson includes a variety of student handouts and links to other resources related to credit, borrowing, and debt.