



Personal Finance Challenge High School

The Personal Finance Challenge is an opportunity for high school students to demonstrate their knowledge of personal finance. Students participate in teams of four students. Each school may be represented by up to two teams. Maryland holds its state competition in April each year. The state winner then goes on to the national competition in Nebraska.



The competition begins with students taking a series of three 15-question quizzes. These are taken using a Scantron®-type answer sheet. The three quizzes contain questions clustered around the MD Financial Literacy Standards



The tests are machine scored. In the competition, the top three test scores from each team are combined for the team score. The four teams with the highest scores will continue on to the Quiz Bowl round.



For the Quiz Bowl Round, each team will need to choose a student to be the spokesperson for the team. Quiz Bowl questions are read aloud by the emcee. One point will be awarded for each correct answer from the spokesperson. The first team to hit the buzzer has the opportunity to answer the question. Only responses from the spokesperson are official. The spokesperson must be called upon by the emcee to give the answer. Any answers given before the emcee recognition will result in the invalidation of the question. Once a team is recognized it has 15 seconds to consult and have a response given by the spokesperson.

The reading of the question stops when a buzzer is hit. The team must answer based **solely** on the information they have received up to that time. If the team answers incorrectly, the reader rereads the question for the opposing team. The opposing team has 15 seconds to respond. The Quiz Bowl Round ends when one team leads by more points than there are questions remaining. In the event of a tie after 30 questions, the first team to correctly answer a tie-breaking question is declared the winner.

Questions in the Quiz Bowl Round are taken from all three categories in the first three rounds. **In addition, questions in the Quiz Bowl also focus on current events in the news.** For example: What might be a consequence of the revelation that Volkswagen has falsified its emission results?



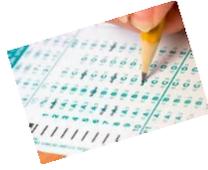
Setting up the Teams

As much as you would like to allow students to choose their own teams you really want to field the strongest team or teams you can. This may be done as a class or by working with interested students in a club setting after school. You might have some students who have expressed an interest to you and you can work with them either in class or as a club. However you decide to work with your students the first thing you want to do is to conduct a pretest. During the time you spend teaching the personal finance information you should continue to test and rank your students. When you finally decide to choose the team or teams to represent your school, you can give a post test and choose the four or eight strongest students. At this time you might want to spend some time working more intensively with these students. So, yes, in some instances student enthusiasm and willingness to work may trump test performance.

Pre-Test

There are several possible sources for pre and post test questions:

- The Maryland Council on Economic Education offers free, online testing using *Financial Fitness for Life*® materials. To register, simply go to <http://www.econed.org/testing>. The instructions for registering for the testing are at the back of this manual.
- The Federal Reserve Bank of St. Louis has sample questions from which you can choose. A PDF version of a set of flashcards containing personal finance questions is available at: <https://www.stlouisfed.org/~media/education/lessons/pdf/printable-personal-finance-flashcards.pdf?la=en>
- If your students participate in the *Stock Market Game*™ there are pre- and post-tests available on that website as well.



Practicing

It is important to give your potential teams as much practice as possible for both the pencil/paper tests and the Quiz Bowl. Sample questions will be included in this manual. It's a good idea to pattern your practice tests after those they will be encountering in the competition. That means you need to:

- create tests that contain as close to 15 questions as possible.
- have students use Scantron®-type answer sheets, if at all possible.
- use the same scoring method as the one used in the competition.

Remember your goal is to have your students **know** the material. If possible construct questions that ask for the same information in several ways.



Taking the Tests

Just as the picture above shows, students need to neatly darken in the area between the lines. Sometimes students circle the answer and these are rejected by the machine. If a student needs to erase an answer, he or she needs to be sure to erase all of the incorrect pencil markings and be careful not to create a dark smudge as these may be marked as wrong.

Scoring the Tests

Provide your students with an experience as close as possible to the competition right down to the scoring. During the competition tests are scored as follows:

1. Go through the student responses and award 10 points for each correct response.

Quiz Bowl Practice

To fully prepare your students for the competition experience have them compete in a simulated Quiz Bowl. Refer to page one for the rules governing this round. You could have them “ring in” using bells. In the actual competition students will need to press a button connected to a light. More timid students may need to overcome their reluctance to be assertive and hit the button. Practice should help them overcome this.



Resources

The images above represent a small portion of the many resources available for teachers to use.

General

- The Maryland Council on Economic Education website allows you to access 51 economic and financial literacy concepts videos. Each video is between 2 and 5 minutes and has a 5 question quiz. Go to <http://www.econed.org/> and click on "Economic and Financial Literacy Concept Videos."
- *Gen i Revolution*, an online game, gives students the chance to learn personal finance skills. In the 16 missions students try to help people in financial trouble. Teachers can incorporate any or all of the missions into their class activities. Students can also work independently using the website. To register, students need to go to www.genirevolution.org
- "Like" us on Facebook. Articles, lesson plans and information are posted. Questions can come from articles posted on Facebook.
- www.Nextgenpersonalfinance.org – This website has lots of good lessons, videos, blog, interactives, complete courses, and facebook group.
- www.Econedlink.org – this is from the Council on Economic Education in New York. It also has the MYeconedlink.org space for your choices on the site. Lots of lessons in personal finance by grade level.
- www.bettermoneyhabits.com – This is the Bank of America sponsored site that had the short videos on Personal Finance topics. Some of the econedlink lessons use this site also.
- Econlowdown at the St. Louis Federal Reserve Bank <https://www.econlowdown.org/> – good lessons in both per fin and econ. You can also personalize this one with lessons and quizzes you choose from the site.

- Two Cents (www.PBS.org/show/two-cents) – This one has short videos also about Pers Fin topics. They add videos regularly.
- www.BLS.gov – Bureau of Labor Statistics, great for student research on careers.
- www.FTC.gov – Federal Trade Commission will send you alerts about frauds and ID theft scams.
- www.Virtualcapitalist.com – Terrific visual graphs and charts. Summary of each week sent to you on Sunday.
- www.AppliedDigitalSkills.com – Has good graphic presentations by topic – some of which are personal finance.

Specific Resources

This section is divided according to the three test topics: *Spending and Credit*, *Saving and Investing*, and *Income and Money Management*. Each section will contain: descriptive words from the Maryland State Curriculum for Personal Financial Literacy Education, (http://www.marylandpublicschools.org/file/docs/Maryland_Financial_Literacy_Standards.pdf), vocabulary terms, and resources for teaching the information.

- The Maryland State curriculum for Personal Financial Literacy Education can be found at: <http://www.mdfinancialskills.org/wp-content/uploads/2014/06/MSDE-FL-Draft-Standards-2015-Draft.pdf>
- A complete resources matrix for grades 9 – 12 can be found at <http://www.econed.org/wp-content/uploads/Financial-Literacy-Matrix-9-12.pdf>.

Please Note: The information given below is in no way intended to be a comprehensive list of the content, vocabulary or resources for the Personal Finance Challenge.

Spending and Credit: Content

Effect of scarcity and opportunity cost on decision-making; costs, benefits, and opportunity cost; applying the decision-making process; financial obligations such as a promissory note, cell phone contract, or college loan; factors that affect personal financial decisions and actions; individual differences and influences on money-related consumer decisions; apply decision-making process to a financial goal; outcomes of financially responsible and irresponsible decisions; types of retail markets and the products they offer; external factors such as inflation and determine the most appropriate time to purchase; impact of consumer financial decisions on individual and family; how education affects income, purchasing and spending decisions; how spending decisions impact career opportunities; strategies for securing funding for a future event; need for written contracts; components and meaning of contracts; rights and responsibilities for contracts such as college loans, car loans, collateral loans, passbook loans and mortgages; advantages and disadvantages of debt; situations where debt is beneficial; evaluate information about products and services; differentiate between short- and long- term loans; predatory lending practices; online tools to compare simple interest and compound interest; assess accumulating effect of interest paid over time using variety of

sources of credit; calculate and compare total cost of borrowing; debit vs credit card; advantages and disadvantages of different payment methods; different types of mortgage loans; factors affecting credit worthiness; credit report; how to leverage credit scores; managing credit problems; sources of credit reporting; problems of not meeting credit obligations; need for credit counseling; credit counseling services; buying power, interest rates and inflation; advertising and media on decision making and spending; characteristics of an informed consumer; consumer protection laws; disputing a claim

Spending and Credit: Vocabulary

amortization	creditor	loan
annual fee	debit card	mortgage debt
annual percentage rate	debt	opportunity cost
balloon loan payment	decision-making	overdraft
bankruptcy	default	overdraft fee
borrowing	deferral	penalties
capacity	delinquency rate	principal
capital	delinquent	purchasing power
character	down payment	real interest rate
collateral	FAFSA	scarcity
contract	federal student loan	secured loan
credit	finance charge	spending
credit bureau	fixed rate loan	student loan default
credit card	forbearance	subsidized loan
credit history	foreclosure	Truth in Lending Act
credit limit	grace period	unsecured loan
credit report	interest	variable rate loan
credit responsibilities	interest rate	wants
credit rights	lien	
credit score		

Resources

- *Gen i Revolution* www.genirevolution.org Missions 3, 5
- *Financial Fitness for Life®* 9-12 Lessons 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, and 19
- *Hands on Banking®* www.handsonbanking.org Young Adult: Schools and \$ - The Money You'll Need; Spending Smart – Be a Savvy Shopper
- *Practical Money Skills™* – Lessons 3, 4, 6, 14, 15, 16, 19
www.practicalmoneyskills.com/foreducators/lesson_plans/highschool.php
- *It's Your Paycheck* - www.stlouisfed.org/education_resources Lessons 6, 7, 8
Cards, Cars, and Currency <https://www.stlouisfed.org/education/cards-cars-and-currency-curriculum-unit> Lessons 2 & 3
- *Financing Your Future* – Lessons 3.3, 4.2, 4.3
- Federal Trade Commission – www.ftc.gov/bcp/edu/pubs/consumer/credit/cre26.pdf Fiscal Fitness: Choosing a Credit Counselor

Saving and Investing: Content

Scarcity and opportunity cost; costs, benefits and opportunity costs; factors affecting financial decisions and actions; apply decision-making process to financial goals; outcomes of financially responsible and irresponsible decisions; external factors that affect saving and investing; impact of global economic events; various financial institutions; calculate interest and fees applied to various forms of saving; long-range personal goals and financial needs and resources; compare investment results; match financial services and products to achieve goals; investment products; ETFs; banked vs unbanked; FDIC; compounding; asset allocation for long- and short- term goals; factors affecting financial planning; revenue-generating assets to build wealth; buying and selling investments; sources of investment products; risk, return and liquidity of different investment alternatives; supply and demand in stock purchases; impact of events on stock market prices; savings and investment strategies to achieve specified goals; strategies using tax deductions; impacts on income and wealth; types of financial risk and degrees of risk tolerance.

Saving and Investing: Vocabulary

arbitrage	interest rate	return on investment
automatic transfer	interest rate effect	rewards
banks	investment	risk
bond	liquid asset	risk-reward relationship
brokerage	liquidity	Rule of 72
capital gains	long-term investing	save
Certificate of Deposit (CD)	long-term savings goals	savings
compound interest	Money Market Account	savings account
decision-making	Money Market Fund	savings plan
dissaving	non-interest bearing account	short-term savings goal
diversification	non-liquid asset	stock
financial investment	passbook saving	stock index funds
future value	personal savings rate	exchange traded fund
future value equation	portfolio	stock market funds
government securities	present value equation	US Treasury securities
government securities auction	quantitative easing	
inflation	real rate of return	

Resources

- *Financial Fitness for Life*® Grades 9 – 12 Lessons 9, 20, 21, and 22
- *Gen i Revolution* www.genirevolution.org Missions 1, 6, 8, 9, 10, 11, 13, 14, 15, and 16
- *Stock Market Game*™ www.stockmarketgame.org What is a Stock?; What is a Bond?; What is a Mutual Fund?; Dividends and Earnings;
- *Financing Your Future* Lessons 5.1 and 5.3

- *Practical Money Skills™* Lessons 3 and 10, www.practicalmoneyskills.com/foreducators/lesson_plans/highschool.php
- *Learning, Earning and Investing for a New Generation* Lessons 8, 9, and 18

Income and Money Management: Content

Effect of scarcity and opportunity cost on decision-making; costs, benefits and opportunity; apply the decision-making process; factors affecting personal financial decisions and actions; financially responsible and irresponsible decisions; impact of global economic events on personal financial planning; compare income and spending plans affected by age, needs and resources; various money management strategies; trade-offs from competing financial goals; fees applied to various forms of spending and debt; spending plans; impact of forms of taxation; impact of government tax policies; tax planning and filing assistance; rights and responsibilities when entering contracts; banked; unbanked; FDIC; factors affecting financial planning; impacts on income and wealth; minimizing financial loss; legal documents such as wills and trusts; different types of insurance; insurance rates; premiums; deductibles; frauds; identity theft; co-signing loans; influence of advertising and media on decision-making; scams, cost of living adjustment (COLA).

Income and Money Management: Vocabulary

ability-to-pay principle	entrepreneurs	Medicare
asset	entrepreneurship	Medicare tax
auto insurance	exempt from withholding	minimum wage
automated teller machine (ATM)	exemption	net pay
balanced budget	expenditures	net worth
bank account transfer	expenses	opportunity cost
bank statement	federal income tax	payday loan
banks	Federal Insurance Contributions Act	payroll deduction
benefits	Federal Trade Commission (FTC)	periodic expenses
budget	file a return	personal income
check	fixed expenses	premium
checkable deposits	flat tax	private college
check-cashing services	gainful employment	progressive tax
checking account	gross pay	public college
contract	health insurance	renter's insurance
cost of living adjustment	homeowner's insurance	rent-to-own contract
costs	human capital	salary
decision-making	identity theft	Social Security Tax
deductible	income	standard of living
deflation	income tax	tax deductions
direct deposit	investment in human capital	tax refund
disability insurance	liability	unemployment insurance
		compensation
discretionary income	life insurance	variable expenses
disposable income	liquid asset	W-2 form

earned income credit
educational attainment
employed

marginal tax rate
Means tested
Medicaid

W-4 form

Resources

- *Financing Your Future*: Lessons 1.1, 2.1, 2.2, 2.3, 3.1, 3.2, 4.1, 4.3, 5.2, 5.3
- *Financial Fitness for Life*® Grades 9 – 12 Lessons 3, 4, 5, 6, 7, 10, 18, 19
- *Practical Money Skills*™ Lesson 5, 7, 8, 9, 13, 17, 19
www.practicalmoneyskills.com/foreducators/lesson_plans/highschool.php
- *Gen i Revolution* Missions 2, 4, 6, 7, 16
- Maryland Attorney General www.oag.state.md.us/Consumers/edunit.html Contracts: Know What You're Signing; Identity Theft; Complaining Effectively
- *Virtual Economics*® Insurance Lessons 1, 2, 3, and 4

FFFL Testing Assessment Online Instructions

For Teacher Registration

- Go to econed.org/testing
- Click on "Request Teacher Login"
- Create an account
- Complete the form and click "Submit"

You will receive the following message:

Your teacher account has been submitted for approval, but remains disabled until an administrator assigns an assessment for you to use. You will not be able to log in until this happens. You will receive an email notification with further instructions once your account is enabled.

After the Administrator has assigned an assessment to you, you will receive the following message in your email:

The following tests are available:

{NAME OF REQUESTED TEST}

Click here to log in and set up your class or classes.

If you experience trouble with the link, go to econed.org/testing and click on "Teacher Login."

To Create a Class

- Sign in with the username and teacher password you created when creating an account.
- Click "New Class"

- Name the class (Period 1, Accounting, Business, etc.) Use a name that your students will recognize as they will have to choose it from a drop down box should you be registering more than one class)
- Select the grade level
- Click "Create Classroom"

If you need additional classes, add them by clicking on "New Classroom" and completing the information requested.

To Add Student Names to Classes

1. Click "My Classes"
2. Select the class to which you want to add names and click "View"
3. Click "New Student"
4. Insert student's name (If you want the students listed alphabetically, enter the last name first such as: Smith Mary with no punctuation)
5. Click "Create Student"
6. Repeat until all students for this class are entered

After you are finished, click "Back to Classroom View." If you have additional classes repeat Steps 1-6 for each class

NOTE: Student instructions are on the next page.

Student Instructions for Taking the Assessment

Go to econed.org/testing

- Click on "Take an Assessment"
- Enter teacher username (the one you created at registration)
- Enter class password (the one you created at registration)

The student should:

- Select their class from the drop down menu
- Click "Next"
- Select their name from the drop down menu
- Click "Next"
- Select grade level from the drop down menu
- Click "Next"
- Select your grade assessment (i.e. Personal Finance 9-12, Personal Finance 6-8 etc.)
- Click "Next"
- Click "Pre-Test"
- Click "Begin Assessment" **(DO NOT HIT THE BACK BUTTON ANYTIME DURING TESTING AS IT WILL LOCK YOU OUT OF TAKING THE TEST). Make sure that you tell your students that they cannot go back. You have to complete the test in one sitting.**
- Student takes the test; When complete, click "Submit Answers"
- The student's score will appear on the screen. (Indicates the number of correct responses.)
- Click "Return Home" at which point you are back to the assessment home page.

Sample Questions

1. One disadvantage of obtaining furniture or appliances from a Rent-to-Own store instead of purchasing it outright is that with a Rent-to-Own store, the consumer:
 - a. pays much more for the furniture.**
 - b. must use a credit card to make the purchase.
 - c. cannot take possession of the furniture until it is totally paid for.
 - d. usually receives used furniture and not new items.
2. If you cannot make your monthly debt payments, you should:
 - a. let the creditor turn your debt over to a collection agency.
 - b. declare personal bankruptcy as soon as possible.
 - c. skip a payment this month and hope next month is better.
 - d. contact your creditors to try to work out a modified payment plan.**
3. Which of the following is not an example of a personal liability?
 - a. rent/mortgage
 - b. checking account**
 - c. credit card balance
 - d. car loan



4. If you purchased the item referred to in the advertisement above, you actually:
 - a. saved \$19.00.
 - b. saved over 50%.
 - c. spent more than budgeted.
 - d. spent \$16.00.**
5. The lower a person's FICO score, the more likely it is that he or she:
 - a. has not declared bankruptcy in the past 10 years.

- b. does not need a co-signer to obtain a bank loan.
 - c. may have benefitted from having no credit history.
 - d. will pay a higher interest rate on a loan.**
6. A “load” mutual fund means that:
- a. there is a sales commission charged for investing in the fund.**
 - b. no additional stocks can be brought into the fund.
 - c. the mutual fund can only be purchased through a licensed broker.
 - d. there is no minimum amount that can be invested in the fund.
7. All of the following are reasons to buy bonds **except**:
- a. bonds may outperform the stock market during certain periods of time.
 - b. bonds generally have outperformed the stock market over the last 100 years.**
 - c. bonds pay out interest at set intervals, allowing people to live off the income.
 - d. investing in municipal bonds may generate less tax liability than investing in stocks.
8. Which of the following savings vehicles does not include a penalty for early withdrawal?
- a. Individual Retirement Account
 - b. 401 (k) plan
 - c. Certificate of Deposit
 - d. Money Market Account**
9. You had 100 shares of MartCo stock, valued at \$15.00 per share, and the stock splits 2 for 1. After the split you now own:
- a. 200 shares of MartCo stock worth \$1500.**
 - b. 100 shares of MartCo stock worth \$750.
 - c. 200 shares of MartCo stock worth \$3000.
 - d. 100 shares of MartCo stock worth \$4500.
10. If you own stock in ABC Train Company, which of the following events poses the greatest risk to your investment?
- a. a decrease in demand for the products ABC ships.**
 - b. a natural disaster temporarily shuts down 100 miles of ABC tracks.
 - c. a new government restriction on the size of loads carried by trucks.
 - d. a rival train company goes out of business.
11. Bonnie wants to cash her paycheck. The easiest and least costly way to do this is at:
- a. a local convenience store.
 - b. a check cashing company.
 - c. a credit union where she has an account.**
 - d. a bank where she does not have an account.
12. The longer the waiting period on a disability contract.
- a. the higher the monthly benefit.
 - b. the longer the policy term.
 - c. the broader the definition of disability.
 - d. the lower the premium.**

13. You receive a telephone call from a collection agency saying you have failed to pay a bill for nearly \$20.00. You explain that the correct name was used but the billing address for the account was wrong. Which type of fraud is this?
- a. Credit-repair scheme
 - b. Ponzi scheme
 - c. Identity theft**
 - d. Payday loan
14. The first step in creating a spending plan is to:
- a. determine where to invest your retirement savings.
 - b. record your payments in the appropriate categories.
 - c. determine where you are currently spending your money.**
 - d. record your insurance premiums in the record book.
15. Which of the following choices would involve the highest opportunity cost for the person making the choice?
- a. A year of high school vocational training taken by a 17 year old.
 - b. A year of part-time, on-the-job training taken by a mid-career office assistant.
 - c. A year at a community college taken by a veterinarian's assistant.
 - d. A year of refresher courses at medical school taken by a 45-year old doctor.**