

Personal Financial Responsibility

Exam Information	Description
Exam number 1002 Items 56 National Career Cluster Financial Services Certification available Yes	The Personal Financial Responsibility industry certification exam assesses the identification and management of personal financial resources to meet the financial needs and wants of individuals and families, considering a broad range of economic, social, cultural, technological, environmental, and maintenance factors. Learners demonstrate their skills in financial responsibility and decision-making; analyze personal standards, needs, wants, and goals; identify sources of income, saving and investing; and understand banking, budgeting, recordkeeping, and managing risk, insurance, and credit card debt.

Exam Blueprint and Performance Skills

Standard	Percentage of exam score
1. Managing Individual & Family Finances	9%
2. Financial Goals	14%
3. Managing Money With Goals & Budgets	21%
4. Managing Credit & Debit	29%
5. Insurance	9%
6. Saving & Investing	18%

Standard 1 - Managing Individual & Family Finance (9% of exam score)

Candidates will demonstrate management of individual and family finances by applying reliable information and systematic decision making.

Objective 1 Demonstrate taking responsibility for personal financial decisions.

Objective 2 Analyze financial information from a variety of reliable and questionable sources.

Objective 3 Utilize consumer protection laws and resources.

Objective 4 Make financial decisions by systematically considering alternatives and consequences.

Objective 5 Demonstrate communication strategies for discussing financial issues.

Objective 6 Demonstrate strategies to control personal information.

1. Identify ways to avoid “identity theft” and fraud, such as securing sensitive financial data, using care when participating in online commerce, avoiding phishing and pharming, and properly disposing of sensitive documents.
2. Understand how to recover from fraud and identity theft.

Standard 2 - Financial Goals (14%)

Candidates will analyze ways economic, social, cultural, education, and political conditions can affect income and career potential.

Objective 1 Analyze ways economic, social, cultural, education and political conditions can affect income and career potential.

1. Understand and begin preparation for career and post-high school training.
2. Recognize and explore the correlation between education, training, and potential lifetime income.

Objective 2 Compare and understand wage, gift, rent, interest, dividend, capital gain, tip, commission, and business profit as sources of personal income.

Objective 3 Understand the effects of state, local, and federal taxes and voluntary deductions on wages and income, the difference between gross and net income, and the similarities and differences between wages and income.

Objective 4 Explain how setting goals affects personal financial planning.

1. Identify spending habits and their connection to personal financial values.
2. Identify and create short- and long-term financial goals.

Standard 3 - Managing Money With Goals & Budgets (21%)

Candidates will manage money effectively by development financial goals and budgets

Objective 1 Calculate board footage. Candidates will understand the planning process for a retail business. Planning a retail business begins with making essential decisions for the business.

Objective 2 Describe the importance of internal controls for a retail business.

1. Understand the characteristics of a functioning budget.
 - a. Wants vs Needs

Objective 3 Analyze services of financial institutions.

Objective 4 Apply consumer skills to purchase decisions.

Objective 5 Connect the role of charitable giving, volunteer service, and philanthropy to community development and quality of life.

Objective 6 Examine the purpose and value of estate planning.

Standard 4 - Managing Credit & Debit (29%)

Candidates will manage credit and debt to remain both creditworthy and financially secure.

Objective 1 Analyze the costs and benefits of using various types of credit such as student loans, home (mortgage) and automotive loans, and credit cards.

1. Understand the similarities and differences between “principal” and “interest” on an amortization schedule.
2. Understand principal and interest calculations.

3. Calculate how long it takes to repay debt by making minimum payments on installment loans and revolving accounts.
4. Locate and use online calculators to determine principal and interest aggregate monthly for long-term debt such as mortgages, vehicles, personal loans, and credit cards.
5. Identify the process, rights, and responsibilities relating to renting, leasing, and purchasing a home.

Objective 2 Describe the importance of internal controls for a retail business.

Objective 3 Analyze methods and benefits of avoiding or correcting credit and debt problems.

Objective 4 Analyze major consumer credit laws and the changing nature of these laws.

Standard 5 - Insurance (9%)

Candidates will analyze the features of insurance and its role in balancing risk and benefit in financial planning

Objective 1 Examine various types of financial risk and risk management strategies.

Objective 2 Understand the role of risk management in asset protection.

1. Discuss the purposes of insurance/risk management.
2. Define common insurance options and their purposes, such as automobile, health, homeowner/renter, whole/term life, long-term care and disability.
3. Define terms of a basic insurance policy, such as contract, limits of coverage, premium, deductible, grace period, and lifetime limit.
4. Discuss insurance needs at different stages of life.
5. Understand identification and designation of beneficiaries.

Standard 6 - Saving & Investing (18%)

Candidates will analyze saving and investing to build long-term financial security and wealth

Objective 1 Analyze effect of saving strategies, including "pay yourself first," payroll deduction, automatic savings options, and reflective spending practices on financial wellbeing. Compare the interest generated by simple and compound interest at various rates.

Objective 2 Compare various investing strategies for their potential to build wealth.

Objective 3 Analyze the characteristics (such as earnings, risks, liquidity) and benefits of various saving and investment options in the current economy.

Objective 4 Describe how to buy and sell investments.

Objective 5 Analyze factors that affect the rate of return on investments (such as taxes and fees).

Objective 6 Analyze how agencies that regulate financial markets protect investors.