

Personal Financial Literacy Standards

During the public comment period for the proposed repeal and replace of [6.29.11 NMAC, Social Studies](#), the New Mexico Public Education Department (NMPED) received 195 comments requesting the inclusion of personal financial literacy. As part of its review and consideration of the feedback, NMPED revised the proposed rule to add standards specific to personal financial literacy (see table below).

Grade or Subject	The student shall demonstrate an understanding of personal financial literacy by:
K	1. Recognizing personal finance choices people make.
1	2. Identifying examples of producers and consumers; and 3. Examining how earning money through work is related to the purchase of goods and services.
2	4. Identifying different types of jobs performed in the community; 5. Assessing priorities when making financial decisions; and 6. Classifying financial goals as short-term or long-term.
3	7. Examining the various ways people earn a living to meet their basic needs (e.g. food, clothing, shelter) and how this has changed over time in various world communities; and 8. Creating a plan with specific steps to reach a short-term financial goal.
4	9. Establishing the purpose of banks and how they work; and 10. Explaining what a checking and savings account are used for.
5	11. Creating a way to keep track of money spent and saved; and 12. Determining the relationship between long-term goals and opportunity cost.
6	13. Analyzing how external factors might influence spending decisions for different individuals and households; and 14. Giving examples of financial risks that individuals and households face.
7	15. Summarizing how the distribution of resources impacts consumerism and individual financial decisions; and 16. Differentiating between saving and investing.
8	17. Determining the relationship between long-term goals and opportunity cost; 18. Identifying ways insurance may minimize personal financial risk; and 19. Illustrating the power of compounding to highlight the importance of investing at a young age.

Grade or Subject	The student shall demonstrate an understanding of personal financial literacy by:
High School Economics	<ol style="list-style-type: none"> 20. Explaining how and why people make choices to improve their economic wellbeing; 21. Comparing the costs and benefits of saving, using credit, or making certain types of financial investments; 22. Evaluating how and why individuals choose to accept risk, reduce risk, or transfer risk to others; 23. Investigating ways that personal information is fraudulently obtained; 24. Identifying voluntary (i.e. retirement contributions) and involuntary deductions (i.e. payroll taxes) and how they impact net income; 25. Preparing a budget or spending plan that depicts varying sources of income, a planned saving strategy, taxes, and other sources of fixed and variable spending; 26. Evaluating options for payment on credit cards and the consequences of each option; 27. Describing how a credit score impacts the ability to borrow money and at what rate; 28. Identifying various strategies students can use to finance higher education and how to access student aid through completion of the free application for federal student aid; 29. Calculating the total cost of repaying a loan under various rates of interest and over different time periods; 30. Explaining what a mortgage is, why most Americans require one to finance a home, and the challenges of financing mortgages on tribal land; 31. Explaining how investing may build wealth and help meet financial goals (e.g. stocks, bonds, mutual funds, retirement savings options, or real estate); and 32. Explaining various types of insurance and the purpose of using insurance to protect financial interests.

The inclusion of these personal financial literacy standards was based on extensive research to identify national best practices in personal finance education, including review of personal financial literacy standards developed by:

- [JumpStart Coalition for Personal Financial Literacy and Council for Economic Education](#);
- [Next Gen Personal Finance](#);
- [Colorado Department of Education](#); and
- [Wisconsin Department of Public Instruction](#).

The social studies standards revisions working group endeavored to balance the inclusion of financial literacy with consideration of other public comments, such as comments advocating for fewer standards overall.