



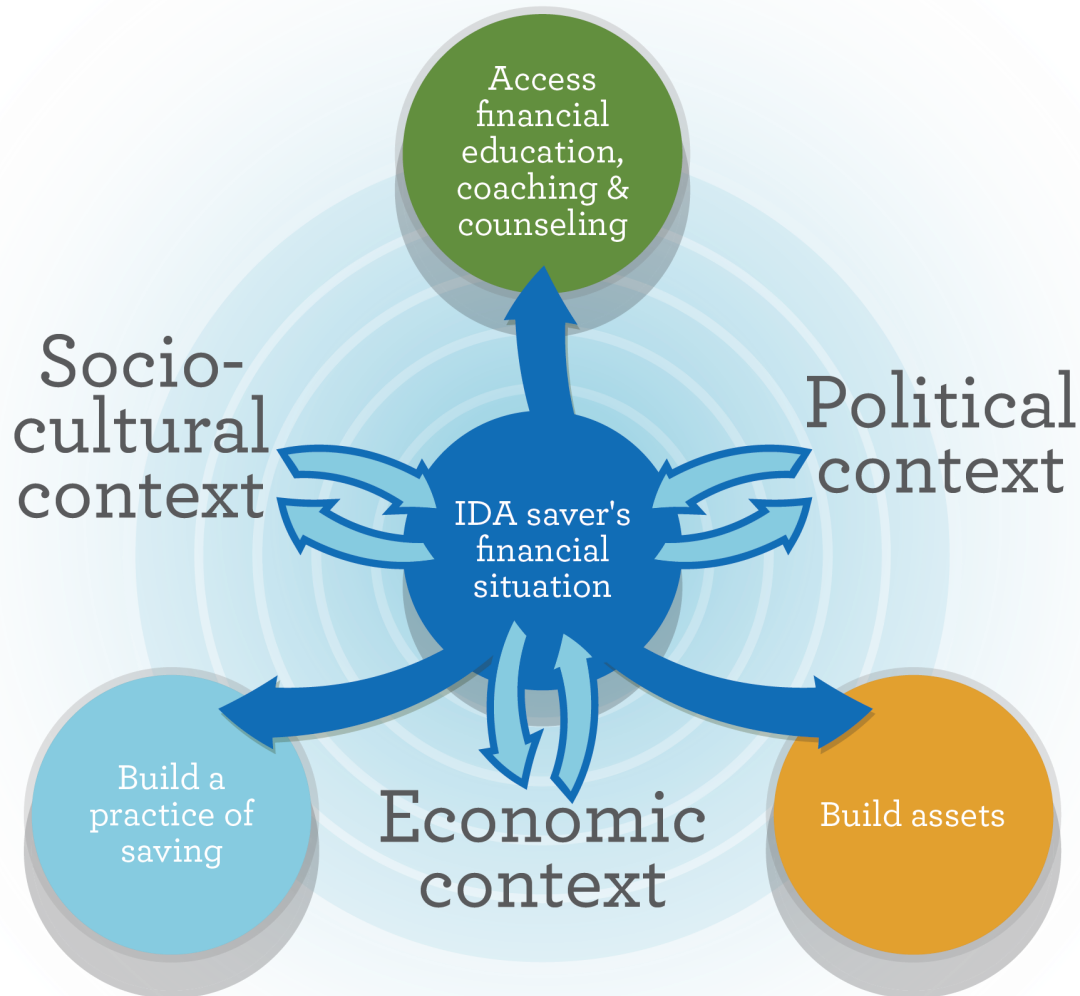
Financial Education Standards

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Why Financial Education?

Acquiring and building financial skills and knowledge are core components of the Oregon Individual Development Account (IDA) Initiative. The Financial Education Standards (FE Standards) were developed in collaboration with IDA Initiative partners to serve as a guide for IDA Providers, so that all IDA savers, no matter their location, have access to robust, high quality education.

IDAs enable Oregonians to improve their financial situations by building assets, accessing financial education, coaching and counseling, and building a practice of savings, all within their own specific sociocultural, political, and economic context. While not designed to be prescriptive, the FE Standards provide recommendations for creating robust IDA financial education.



For Financial Educators

Effective financial education ultimately rests on the ability of each practitioner to combine the core content with facilitation strategies that are engaging, applicable, and inclusive of each participant's circumstances. The path to an improved financial situation will look different for each saver. For that reason, we encourage financial educators to be aware of the ways that their own sociocultural, political, and economic factors will influence their approach and assumptions. This awareness can contribute to a broader understanding of how to monitor biases as educators support each saver on their unique path to a stronger financial future.

The Importance of Economic Literacy in Financial Education

Economic literacy, in this context, is *the identification and evaluation of economic legacies as they relate to personal finance, wealth, the economy, and political systems.*

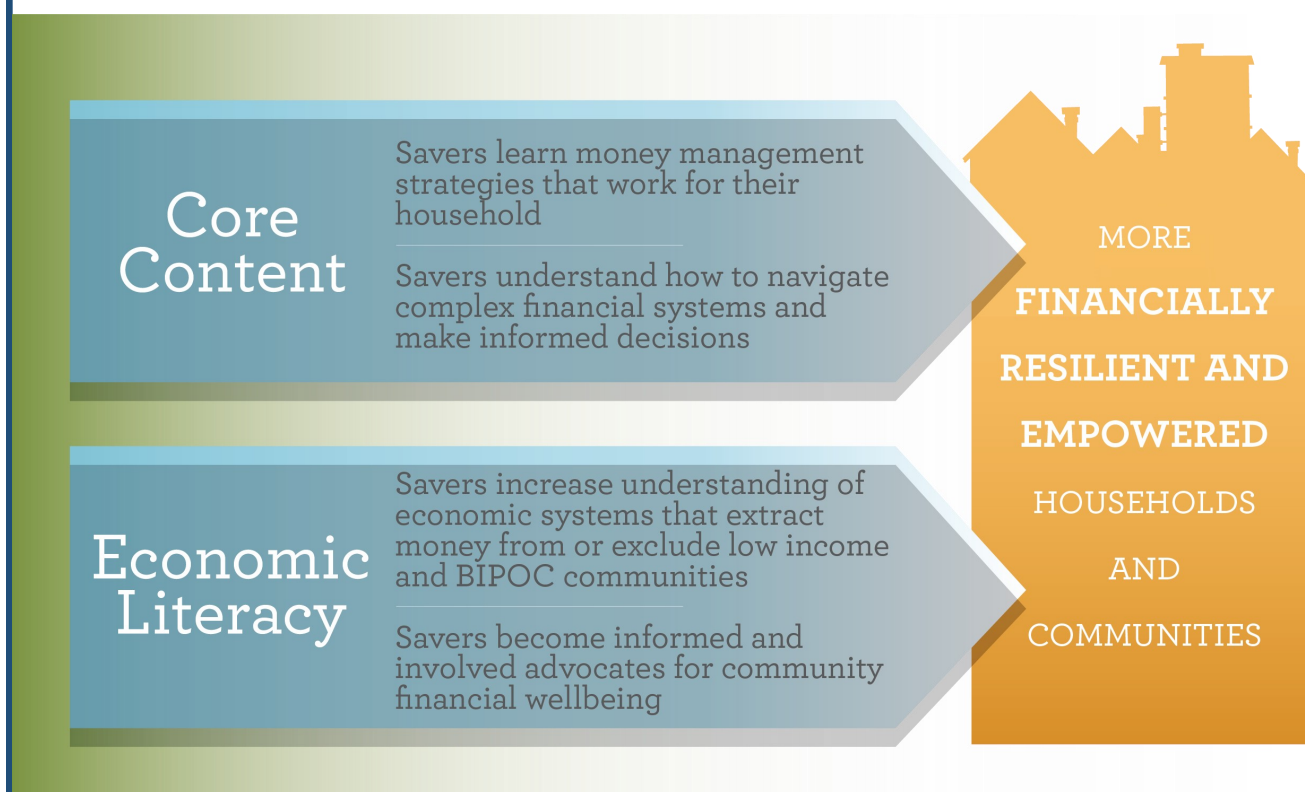
Imagine you are teaching someone to swim. Most likely you start off in a controlled environment like a shallow pool with clear visibility of the bottom and sides of the pool. You teach basic water safety, the mechanics of floating, how to stay calm in the water, how to exhale underwater, the beginning stroke and treading water. Teaching these steps is not unlike teaching basic financial education. These skills are essential to our success in the pool but they fail to acknowledge that swimming in a controlled environment is vastly different from swimming in a river where the swimmer has to contend with powerful currents and various obstacles.

Our financial lives occur not in a controlled pool, but a river where wage stagnation, tax policies, shifts in labor trends, and differential access to wealth building tools and credit make it harder for many people, particularly Black, Indigenous, and People of Color (BIPOC), to successfully stay afloat. Teaching financial education without addressing economic literacy erroneously emphasizes that financial wellness depends solely on individual actions and fails to acknowledge pre-existing systemic economic and racial inequities that perpetuate severe income and wealth disparities.

A functioning democracy with an economy that works for everyone requires an informed and involved electorate. Solely teaching financial education without the broader historical economic context we live in reinforces the status quo. Understanding how past and present policy choices have created the current unjust economic systems enables savers to become more informed and involved in the advocacy required to build more equitable and financially resilient communities.

IDA FE Standards: 12 Topics

The IDA FE Standards covers 12 topics, each broken down in 4 parts. Core Content outlines the baseline content for IDA financial education, which focuses on providing accurate information and relevant money management strategies. Incorporating Economic Literacy describes how to incorporate the identification and evaluation of economic legacies as they relate to personal finance, wealth, the economy, and political systems. The overarching goals for each are shown below.



Also included for each topic are Participant Outcomes, which outlines what participants should gain from the topic, as well as Additional content to consider, which provides suggestions for what else may be relevant and important to cover depending on the audience or time available.

FE Standards Resource Library

The Oregon IDA Initiative has developed an extensive resource library for financial educators at www.FinancialEducationStandards.org/. In addition to more background about the IDA FE Standards, this site includes sample modules, tools, handouts, and links to a wide variety of financial education resources. All this work has been a collaborative effort to date. The IDA Initiative's financial education will grow stronger and be more effective as we continue to share resources and collaborate to support IDA savers. Please continue providing feedback, resources, tools, and more as the IDA Initiative works collaboratively to build more resilient and empowered households and communities.

Topic 1: Your Financial Compass

Core Content

Lead participants in identifying the needs, wants, values, and goals for their household and how to prioritize accordingly.

Participant Outcomes

Participants will identify needs, wants, and values for their household and consider ways to prioritize them.

Participants have a framework for setting goals that align with their household's needs, wants, and values.

Participants understand how to track income and expenses and analyze these based on household needs, wants, values, and goals.

Incorporating Economic Literacy

Discuss the impact and benefits of keeping dollars in your local economy.

Evaluate how mainstream values influence consumer behavior and how advertisers use persuasion tactics to manipulate people into spending money.

Additional content to consider with this topic

Discuss how values and goals provide direction and purpose to financial plans.

Explain how to make a SMART goal.

Brainstorm obstacles to achieving goals and ways to address these obstacles.

Discuss strategies for making shared financial decisions and the importance of having conversations about finances with other household members.

Understand how to access, assess, and compare general information about products and services in order to make informed financial decisions.

Understand the value of applying opportunity costs and life hours costs.



Topic 2: Spending & Savings Plans

Core Content

Explain how to make and manage a monthly spending and savings plan.

Explain how a cash flow budget helps manage the timing of income and expenses.

Participant Outcomes

Understand the role of a spending and savings plan in analyzing a financial situation and meeting financial needs, wants, and goals.

Understand how to respond to changes in expenses, income, or benefits in order to cover living expenses and save for emergencies or goals.

Understand how to complete a cash flow budget in order to manage the timing of income and expenses.

Understand how to make a short-term plan for prioritizing bills when there isn't enough income or benefits to cover household expenses.

Incorporating Economic Literacy

Establish an understanding that personal financial wellbeing is not just about making “good” financial decisions. No one can budget their way out of poverty. Financial wellbeing is directly affected by public policies and economic legacies and systems that extract money from or exclude low income and BIPOC communities.

Additional content to consider with this topic

Explain how to read a pay stub or benefits statement to identify take-home pay, taxes, and benefits. Understand how using pre-tax deductions and contributions such as 401k, FSA, DCERA, or commuter benefits can reduce their taxable income.

Differentiate the benefits and costs of different ways to receive paycheck including direct deposit and payroll cards.

Brainstorm ways to increase income or financial resources, through public benefits or other forms of income, including business, seasonal, and independent contracting (gig workers). Discuss the differences between regular and irregular sources of income.

Describe how a W-4 is used to determine taxes withheld from income and how to review and make adjustments to W-4 to maximize income or a tax refund.

Explain how to access public benefits.



Topic 3: Building Savings

Core Content

Explain the difference between “saving money” and “building savings”.

Discuss strategies for building savings.

Discuss how emergencies and other unexpected expenses can cause short- and long-term financial problems.

Participant Outcomes

Understand the importance of savings as a foundation to financial wellbeing. Be able to identify short-, mid-, and long-term savings goals.

Understand that reducing or avoiding an expense—“saving money”—is not the same as “building savings”. Income or other money must be set aside in order to build savings.

Identify potential emergencies or unexpected expenses, anticipate their costs, and identify strategies to cover expenses.

Understand the value of saving at least \$500 for emergencies and unexpected expenses, then building from there.

Identify specific tools that reinforce the practice of building savings, and understand the benefits and risks associated with different options. Consider strategies like automating your savings and making it as difficult as possible to access money saved.

Incorporating Economic Literacy

Highlight the growing economic inequality in America, especially affecting communities of color and other marginalized communities. Some factors include the wage gap, tax policies, changes from higher paid manufacturing to lower paid service sector jobs, the decline of unions, the stagnation of the minimum wage, the gig economy, underemployment, access to education, and legacies of current and past racist policies.

Acknowledge that even the best plans can be disrupted by unexpected or external forces, like getting sick which could result in losing income and incurring costly medical bills.

Explain how asset limits on public benefits can hinder people’s efforts to move off public assistance.

Additional content to consider with this topic

Include a conversation about how different cultures save, plan for the future, and build assets in different ways.



Topic 4: Understanding Your Credit Report & Score

Core Content

Explain that credit is an individual's ability to borrow over time with interest.

Explain that a credit report is a record of an individual's payment history for some past and current debts.

Explain what a credit score is, how it is used, and strategies for building and improving it.

Explain how an individual can access free credit reports and their rights related to disputing inaccurate entries and reporting of incorrect information.

Participant Outcomes

Understand the difference between credit, credit reports, and credit scores.

Understand the role of an individual's credit history in maintaining financial stability and achieving financial goals.

Understand the connection between a credit report and a credit score and how specific actions affect credit scores, including the effects of negative entries on credit reports.

Know how to access free annual credit reports at www.annualcreditreport.com in order to review and dispute negative information.

Incorporating Economic Literacy

Discuss how traditional credit reporting does not recognize many on-time payments made by lower-income households.

Explain how the lack of access to credit makes it more expensive to be poor.

Explain how the credit reporting system has disproportionately helped White people build wealth.

Additional content to consider with this topic

Explain how to read a credit report and identify information that is incorrect or out of date using a checklist. Explain how to dispute incorrect or outdated information and pros and cons of online versus mailing letters for disputes.

Explain rights related to who can access credit and consumer reports and how they can access this information.

Explain how to obtain and read other consumer reports.

Explain how to calculate credit utilization rate.

Share strategies for building credit without going into debt.



Topic 5: Financial Institutions

Core Content

Explain how different financial institutions meet different needs, including banks, credit unions, check cashers, online banks, international money transfer services, and mobile payment apps.

Explain the costs and benefits of checking and savings accounts and the role of FDIC and NCUA insurance.

Participant Outcomes

Identify which financial institutions can best meet their needs.

Understand the costs and risks associated with different financial institutions, especially those that charge a fee for every transaction or promote loan products with high interest rates.

Understand why and how to identify and select financial institutions that are insured by the FDIC or NCUA.

Understand how to manage different features of a basic checking and savings account, including making deposits and withdrawals, writing checks, paying bills online, transferring funds between accounts, setting up direct deposit, understanding alternatives to overdraft protection, using a debit card, and reporting fraudulent charges to minimize loss.

Incorporating Economic Literacy

Highlight the predatory strategies of lenders, who especially target communities of color and other vulnerable communities with high-cost products, including car loans, credit card offers, payday loans, check cashing, and more.

Discuss the effects of the profit motive system on financial institutions, that incentivizes profits over all else.

Additional content to consider with this topic

List the steps and information needed to open a bank account at a bank or credit union.

Discuss features of checking or savings accounts that are increasingly done online, like depositing checks, transferring money, downloading statements, etc.

Discuss the benefits and risks of using a debit card, how to keep funds in accounts linked to debit cards safe, and how to keep fees as low as possible.

Discuss the cascade effect of making a mistake with a bank account, including non-sufficient funds fees and closed accounts, which leads to a dependence on institutions that charge fees to cash checks, buy money orders, or wire money. Explain what ChexSystems is and how to overcome barriers to opening savings or checking accounts.



Topic 6: Loan Products

Core Content

Discuss ways to borrow money, including using credit cards, getting a loan from a bank or credit union, or a Community Development Financial Institution (CDFI). Evaluate the types of loans best suited for different purposes.

Explain that predatory products are designed to take advantage of a customer's situation to charge excessive fees.

Explain how to compare costs (interest rate, fees, and APR) of different loan products and avoid predatory products if possible.

Participant Outcomes

Understand how credit cards and loan products work.

Understand how to use APR and key terms to compare options.

Understand how to determine which products can help them meet their goals at the lowest cost.

Know how to identify loan products that create short-term, high-pressure debt, with excessive or hidden fees.

Incorporating Economic Literacy

Explain how multibillion-dollar industries like check cashing and payday loans target low-income communities and communities of color, extracting money and stripping wealth from them.

Explain that many mainstream financial products with lower interest rates require individuals to have a certain credit score and income. Discuss how these factors, along with obstacles like access (where financial products are available), language, and cultural barriers, drive people towards predatory products which cost more and usually do not help build wealth or improve credit scores.

Additional content to consider with this topic

Discuss future consequences to decisions about loans or lines of credit.

Explain the difference between a secured loan and an unsecured loan.

Explain the different types of student loans and the costs, benefits, considerations, and risks associated with each.



Topic 7: Debt Repayment

Core Content

Explain how to prioritize debt for repayment.

Explain how to calculate, interpret, and use debt-to-income ratio.

Explain the basics of bankruptcy.

Participant Outcomes

Understand different ways to prioritize debt repayment based on size, type, interest rates, penalties, and consequences.

Understand how debt-to-income ratio is used by financial institutions, especially when applying for a mortgage.

Understand the role that bankruptcy plays in managing debt and the effect that will have on your assets and credit. Understand which debts are not discharged in bankruptcy.

Incorporating Economic Literacy

Explain how high-cost products from predatory lenders disproportionately adds debt and strips wealth from communities of color and other vulnerable communities.

Explain the ways that debt settlement companies take advantage of people with debt. Emphasize the importance of knowing your rights and spotting red flags before deciding to work with one.

Highlight the differences in how businesses and celebrities who file for bankruptcy are regarded in comparison with people in lower economic situations.

Additional content to consider with this topic

Understand differences between private/public and subsidized/unsubsidized student loans and what income driven repayment (IDR) plans are available.

Explain the full cycle of credit and debt including collections, lawsuits, and garnishments.

Explain the rule of 72 as it relates to interest accrual on debt.

Explain strategies on negotiating debt.



Topic 8: Consumer Rights

Core Content

Explain consumer rights and responsibilities with financial products, services, and providers.

Explain identity theft and strategies for protecting identity.

Explain the role of self-advocacy in relation to your rights.

Participant Outcomes

Understand the role of consumer rights legislation in protecting consumers and know what to do and who to contact when rights have been violated.

Understand strategies for protecting against identity theft, recognize when identity theft has occurred, and know how to get appropriate help.

Understand different kinds of theft or fraud: medical records, credit, financial accounts, government benefits, criminal records, and more.

Have tools and strategies to advocate for their rights when dealing with institutions.

Incorporating Economic Literacy

Explain the necessity of fair lending laws and the hardships that communities of color, women, people with disabilities, and others had to bear before those rights were codified in legislation. Despite that legislation, many financial institutions continue to treat people differently in practice, resulting in poor access to credit and higher interest rates and fees.

Discuss the advantages that privileged knowledge gives certain groups about how to negotiate with institutions.

Explain how the financial industry has successfully lobbied for lax consumer protections. Give examples like the actions that led to the foreclose crisis, the weakening of the Consumer Financial Protection Bureau, etc.

Additional content to consider with this topic

Explain the difference between an express and implied warranty with consumer products.

Explain what financial records participants should keep and the reasons for keeping records.

Explain how victims of identity theft can get help.



Topic 9: Understanding Taxes

Core Content

Review and explain some common taxes, including federal, state, property, sales, self-employment, and others. Explain the reason for taxes and how taxes are used.

Explain the difference between a W-2 and a 1099 and how to read the information contained on each. Explain the role of an ITIN for individuals without a Social Security number.

Explain the difference between tax deductions and tax credits and how to access them.

Explain how to find free tax support in person or online.

Participant Outcomes

Understand the costs and benefits of taxes.

Understand how to read the information on a W-2 and a 1099, and how to identify and fix any errors.

Understand what an Individual Taxpayer Identification Number (ITIN) is and how it is used for individuals without a Social Security number.

Know which tax credits might be applicable and beneficial for their family, and understand how to claim them.

Know how to access free tax preparation support in person or online from IRS's Free File.

Incorporating Economic Literacy

Explain how US tax policy has shifted in the last 50 years, decreasing for corporations and wealthy individuals and increasing for median income earners.

Explain the difference between progressive, regressive, proportional taxation, and how tax brackets function.

Explain that undocumented immigrants are taxpayers as well and collectively contribute billions of dollars to state and local coffers each year via a combination of personal income, sales and excise, and property taxes.

Additional content to consider with this topic

Discuss the costs and benefits of using commercial tax preparers.

Explain the costs associated with Tax Refund Anticipation Loans.

Discuss different ways to manage a tax refund, including allocation of funds at filing (form 8888).



Topic 10: Investing to Achieve Goals

Core Content

Differentiate saving and investing.

Explain the relationship between values, goals, life stages, and investing. Explain when someone might invest, especially as it relates to long-term goals.

Review some tools available for investing for long-term goals, including workplace retirement programs, IRAs, Oregon Saves, Oregon College Savings Plan (529s), and Oregon ABLE Accounts.

Participant Outcomes

Understand the role of investing in achieving a medium- or long-term goal and the differences between investing and saving.

Understand how to relate goals and life stage events to saving and investing strategies.

Identify which investing tools could help them achieve goals or cover the costs of life stage events, including education, homeownership, and/or retirement.

Incorporating Economic Literacy

Explain that about a third of the U.S. workforce lacks access to a retirement plan at work and that U.S. tax code provides the majority of retirement benefits to the wealthy.

Explain how Social Security is funded and what privatizing would do to beneficiaries.

Include information on the shift from pensions to 401(k)s and like products and how that has decreased financial stability for retirees.

Additional content to consider with this topic

Explain what life stages are, including the common financial considerations that occur at different life stages.

Explain the relationship between risk and reward/return in investing.

Define diversification and asset allocation, and their importance when investing.

Explain how the Social Security benefit is calculated.

Explain how to differentiate biased and unbiased sources of investment information.

Explain how to look for different credentials of people in the investment industry and identify potential resources for guidance.



Topic 11: Assets, Liabilities & Net Worth

Core Content

Define assets and explain how to identify and estimate the value of assets.

Define and identify common liabilities.

Explain how to calculate net worth and demonstrate how it can be used as a tool for assessing someone's financial situation.

Participant Outcomes

Understand what net worth means, how to calculate it, and how it can be used on a regular basis for measuring financial progress.

Know how to estimate the value of cars, homes, and/or businesses. This might include going to specific third party resources or understanding how to calculate equity in an asset.

Incorporating Economic Literacy

Explain and demonstrate how extreme wealth inequality has grown over time in the United States.

Highlight the racial wealth gap in the US and explain the reasons for it, including past and present systemic racism, and how various programs, procedures, or policies have affected wealth and asset building opportunities for individuals and communities.

Discuss how communities of color have built thriving local economies, which were subsequently stripped from them. The theft of land from Native Americans, the internment of Japanese Americans, Portland's Albina District and Tulsa Oklahoma's "Black Wall Street" are a few examples from history.

Additional content to consider with this topic

Explain the difference between an appreciating asset and a depreciating asset.

Discuss the effects of intergenerational transfers of wealth.

Discuss the benefits of building assets and the role of an IDA in an individual's long-term asset building plan.



Topic 12: Protecting Assets

Core Content

Define and explain risk as it relates to protecting assets.

Demonstrate a framework that includes vigilance (be aware), maintenance (take care), statutory (know the law), and insurance (get insured).

Define basic insurance concepts and show what to look for when shopping for insurance and selecting a policy.

Participant Outcomes

Identify their household's different financial, productive, or personal assets, and identify risks to those assets.

Know how to develop a plan for protecting assets using a framework that includes being aware, taking care, knowing the law, and getting insured.

Understand the basic terms when shopping for insurance and reading insurance policies including claim, coverage, deductible, exclusions, insured, insurer, policy, premium, and underwriter.

Understand what to look for in comparing and selecting insurance products and providers.

Incorporating Economic Literacy

Explain the business model of the insurance industry and discuss the effects of that model on consumers. Though they are highly regulated, they are a for-profit business and will do everything they can to maximize profits.

Explain how a credit score is a surrogate for prohibited rate classes, such as race.

Additional content to consider with this topic

Explain how credit scores and other information can affect insurance coverage and cost.

Explain how disability insurance protects income.

Discuss what considerations to take into account when deciding whether or not to insure an asset, including life insurance.

Explain how to read an insurance policy in order to understand coverage.

