

PROGRAM STANDARDS: FINANCIAL LITERACY

Introduction

Financial literacy is the capacity, based on knowledge, skills and access, to manage financial resources effectively. To develop this capacity, individuals must have appropriate access to and understanding of financial products, services, and concepts. Financial literacy empowers individuals to make informed choices, avoid pitfalls, know where to go for help, and take actions to improve their present and long-term financial well-being.

The Hawaii State Department of Education (Department) is committed to ensuring every student receives basic financial literacy before high school graduation. As part of this work, program standards have been curated to help high school students develop the capacity to describe, analyze, and evaluate many financial topics they may directly experience in their personal and professional lives. While there are multiple ways through which financial literacy education can be provided to high school students, the standards are a vital step toward ensuring consistent financial literacy education across the state.

The program standards are derived from the 2021 edition of the [National Standards for Personal Finance Education](#) from the Council for Economic Education and Jump\$tart Coalition for Personal Financial Literacy. Feedback received on the Department's draft content standards in November 2021 and May 2025 were factored into the cultivation of these standards, which identify the *minimum* knowledge, skills, and decision-making abilities that students should acquire by the time of high school graduation, as well as provide a framework for a personal finance curriculum that prepares students to be smart consumers. Schools are encouraged to consider ways to enhance student attainment of financial literacy beyond these standards.

The themes are aligned to the six major topics utilized in Jump\$tart's National Standards: 1) Earning Income; 2) Spending; 3) Saving; 4) Investing; 5) Managing Credit; and 6) Managing Risk. Themes do not need to be addressed in any particular order.

The sample learning outcomes are gleaned from the learning outcomes included in the national standards and describes what teachers *may* ask students to do in order to demonstrate comprehension and application of the content standards. The sample outcomes are not intended to serve as an all-inclusive list; rather, they serve as a starting point for teachers to consider how to best help their students meet the content standards. One sample outcome is listed for each standard.

Questions related to these standards may be directed to the Office of Curriculum and Instructional Design, Curriculum Innovation Branch, Academic Advancement Section, at (808) 784-6450.

THEME 1: EARNING INCOME

Most people earn wage and salary income in return for working, and they can also earn income from interest, dividends, rents, entrepreneurship, business profits, or increases in the value of investments. Employee compensation may also include access to employee benefits such as retirement plans and health insurance. Employers generally pay higher wages and salaries to more educated, skilled, and productive workers. The decision to invest in additional education or training can be made by weighing the benefit of increased income-earning and career potential against the opportunity costs in the form of time, effort, and money. Spendable income is lower than gross income due to taxes assessed on income by federal, state, and local governments.

Content Standards <i>Students will know that...</i>	Sample Learning Outcomes <i>Students will use this knowledge to...</i>
<ol style="list-style-type: none">1. Net income (take-home pay) is the amount left from wages and salaries after taxes and payroll deductions.2. Compensation for a job or career can be in the form of wages, salaries, commissions, tips, or bonuses, and may also include contributions to employee benefits, such as health insurance, retirement savings plans, and education reimbursement programs.3. People vary in their opportunity and willingness to incur the present costs of additional training and education in exchange for future benefits, such as earning potential.4. Changes in economic conditions, technology, or the labor market can cause changes in income, career opportunities, or employment status.5. Retirement income typically comes from some combination of continued employment earnings, Social Security, employer-sponsored retirement plans, and personal investments.	<ul style="list-style-type: none">• Identify common types of payroll deductions.• Explain why people should evaluate employee benefits in addition to wages and salaries when choosing between job and career opportunities.• Evaluate the costs and benefits of investing in additional education or training.• Discuss how economic and labor market conditions can affect income, career opportunities, and employment status.• Describe the importance of having multiple sources of income in retirement, such as Social Security, employer-sponsored retirement plans, and personal investments.

THEME 2: SPENDING

A budget is a plan for allocating a person's spendable income to necessary and desired goods and services. When there is sufficient money in their budget, people may decide to give money to others, save, or invest to achieve future goals. People can often improve their financial well-being by making well-informed spending decisions, which includes critical evaluation of price, quality, product information, and method of payment. Individual spending decisions may be influenced by financial constraints, personal preferences, unique needs, peers, and advertising.

Content Standards <i>Students will know that...</i>	Sample Learning Outcomes <i>Students will use this knowledge to...</i>
<ol style="list-style-type: none">1. Price, spending choices of others, peer pressure, and advertising about a product or service can influence purchase decisions.2. Creating a budget can help people make informed choices about spending, saving, and managing money in order to achieve financial goals.3. Making an informed purchase decision requires a consumer to critically evaluate price, product claims, and quality information from a variety of sources.4. Housing decisions depend on individual preferences, circumstances, and costs, and can impact personal satisfaction and financial well-being.5. Federal and state laws, regulations, and consumer protection agencies (e.g., Federal Trade Commission, Consumer Affairs office, and Consumer Financial Protection Bureau) can help individuals avoid unsafe products, unfair practices, and marketplace fraud.	<ul style="list-style-type: none">● Share examples of how price, spending choices of others, peer pressure, or advertising influence a purchase decision.● Create a budget that includes expenses and savings out of a given amount of income.● Explain the types of information most helpful in making a purchase decision.● Compare the short-term and long-term costs and benefits of renting versus buying a home in their city of residence.● Investigate common types of consumer fraud and unfair or deceptive business practices, including online scams, phone solicitations, and redlining.

THEME 3: SAVING

People who have sufficient income can choose to save some of it for future uses such as emergencies or later purchases. Savings decisions depend on individual preferences and circumstances. Funds needed for transactions, bill-paying, or purchases, are commonly held in federally insured checking or savings accounts at financial institutions because these accounts offer easy access to their money and low risk. Interest rates, fees, and other account features vary by type of account and among financial institutions, with higher rates resulting in greater compound interest earned by savers.

Content Standards <i>Students will know that...</i>	Sample Learning Outcomes <i>Students will use this knowledge to...</i>
<ol style="list-style-type: none">1. People save money for many different purposes, including large purchases such as cars and homes, education costs, retirement, and emergencies.2. Savings decisions depend on individual preferences and circumstances, and can impact personal satisfaction and financial well-being.3. Compound interest is interest on both the original principal and previously earned interest, as compared to simple interest which is only interest on the original principal.4. Financial institutions offer several types of savings accounts, including regular savings, money market accounts, and certificates of deposit (CDs), that differ in minimum deposits, rates, and deposit insurance coverage.5. Tax policies that allow people to save pretax earnings or to reduce or defer taxes on interest earned provide incentives for people to save.	<ul style="list-style-type: none">• Create a savings plan that will allow someone to make a large purchase in one year, 5 years, and 10 years.• Discuss how savings decisions can affect financial well-being.• Explain the benefit of compound interest as compared with simple interest.• Compare the features of regular savings accounts, money market accounts, and CDs.• Explain how traditional IRAs (individual retirement accounts), Roth IRAs, and education savings accounts provide incentives for people to save.

THEME 4: INVESTING

People can choose to invest some of their money in financial assets to achieve long-term financial goals, such as buying a house, funding future education, or securing retirement income. Investors receive a return on their investment in the form of income and/or growth in value of their investment over time. People can more easily achieve their financial goals by investing steadily over many years, reinvesting dividends, and capital gains to compound their returns. Investors have many choices of investments that differ in expected rates of return and risk. Riskier investments tend to earn higher long-run rates of return than lower-risk investments. Investors select investments that are consistent with their risk tolerance, and they diversify across a number of different investment choices to reduce investment risk.

Content Standards <i>Students will know that...</i>	Sample Learning Outcomes <i>Students will use this knowledge to...</i>
<ol style="list-style-type: none">1. Investors in financial assets expect an increase in value over time (capital gain) and/or receipt of regular income, such as interest or dividends.2. Common types of financial assets include certificates of deposit (CDs), stocks, bonds, mutual funds, and real estate.3. Instead of buying individual stocks and bonds, investors can buy shares of pooled investments such as mutual funds and exchange-traded funds (ETFs).4. Different types of investments expose investors to different degrees of risk.5. A person's investment risk tolerance depends on factors such as personality, financial resources, investment experiences, and life circumstances.	<ul style="list-style-type: none">● Explain why some people might prefer to buy investments that grow in value over time instead of investments that pay regular income.● Define common types of financial assets.● Discuss the advantages and disadvantages of investing in a diversified stock or bond mutual fund versus individual stocks and bonds.● Compare rates of return on different types of investments and order them by risk.● Discuss how a person's risk tolerance influences their investment decisions.

THEME 5: MANAGING CREDIT

Credit allows people to purchase and enjoy goods and services today, while agreeing to pay for them in the future, usually with interest. There are many choices for borrowing money, and lenders charge higher interest and fees for riskier loans or riskier borrowers. Lenders evaluate creditworthiness of a borrower based on the type of credit, past credit history, and expected ability to repay the loan in the future. Credit reports compile information on a person's credit history, and lenders use credit scores to assess a potential borrower's creditworthiness. A low credit score can result in a lender denying credit to someone they perceive as having a low level of creditworthiness. Common types of credit include credit cards, auto loans, home mortgage loans, and student loans. The cost of post-secondary education can be financed through a combination of grants, scholarships, work-study, savings, and federal or private student loans.

Content Standards <i>Students will know that...</i>	Sample Learning Outcomes <i>Students will use this knowledge to...</i>
<ol style="list-style-type: none">1. Interest rates and fees vary by type of lender, type of credit, and market conditions.2. Borrowing increases debt and can negatively affect a person's finances.3. Post-secondary education is often financed by students and families/ caregivers through a combination of scholarships, grants, student loans, work-study, and savings.4. A credit score is a numeric rating that assesses a person's credit risk based on information in their credit report.5. Credit reports and credit scores may be requested and used by entities other than lenders.	<ul style="list-style-type: none">• Compare lenders based on type of credit offered, interest rates, and fees.• Predict the possible consequences of having a lot of debt payments relative to income.• Describe the different sources of funding for post-secondary education.• Explain how a borrower's credit score can impact their cost of credit and their ability to get credit.• Explain how landlords, potential employers, and insurance companies use credit reports and credit scores in decision-making.

THEME 6: MANAGING RISK

People are exposed to personal risks that can result in lost income, assets, health, life, or identity. They can choose to manage those risks by accepting, reducing, or transferring them to others. When people transfer risk by buying insurance, they pay money now in return for the insurer covering some or all financial losses that may occur in the future. Common types of insurance include health insurance, life insurance, and homeowner's or renter's insurance. The cost of insurance is related to the size of the potential loss, the likelihood that the loss event will happen, and the risk characteristics of the asset or person being insured. Identity theft is a growing concern for consumers and businesses. Stolen personal information can result in financial losses and fraudulent credit charges. The risk of identity theft can be minimized by carefully guarding personal financial information.

Content Standards <i>Students will know that...</i>	Sample Learning Outcomes <i>Students will use this knowledge to...</i>
<ol style="list-style-type: none">1. Financial loss can occur from unexpected events that damage health, wealth, income, property, and/or future opportunities.2. Some types of insurance coverage are mandatory.3. Health insurance provides coverage for medically necessary health care and may also cover some preventive care. It is sometimes offered as an employee benefit with the employer paying some or all of the premium cost.4. Unemployment insurance, Medicaid, and Medicare are public insurance programs that protect individuals from economic hardship caused by certain risks.5. Online transactions and failure to safeguard personal documents can make consumers vulnerable to privacy infringement, identity theft, and fraud.	<ul style="list-style-type: none">• Describe how an unexpected event that damages health or property can impact a family's financial situation.• Research the minimum auto liability insurance required in the state they live in and whether it is sufficient to cover typical auto accident financial losses.• Compare the cost of health insurance to the potential financial consequences of not having health insurance.• Discuss how state unemployment programs can help reduce economic hardship caused by job losses during a recession or pandemic.• Provide examples of how online behavior, e-mail and text-message scams, telemarketers, and other methods make consumers vulnerable to privacy infringement, identity theft, and fraud.