



TEXAS TECH UNIVERSITY  
College of Human Sciences

Center for Financial Responsibility

CENTER FOR FINANCIAL RESPONSIBILITY

# Personal Financial Literacy

CERTIFICATION



CERTIFICATION BLUEPRINT

## CERTIFICATION EXAM OVERVIEW

The Center for Financial Responsibility Personal Financial Literacy Certification confirms that individuals have the essential knowledge and skills to make informed financial decisions, no matter the industry. The certification exam, hosted on the iCEV testing platform, consists of 100 questions. It evaluates understanding of budgets, investing and risk management, taxes and paychecks, loans, and major purchasing decisions. The exam must be proctored in a controlled environment. Proctoring guidelines can be found at [www.icevonline.com/proctoring-guidelines](http://www.icevonline.com/proctoring-guidelines).

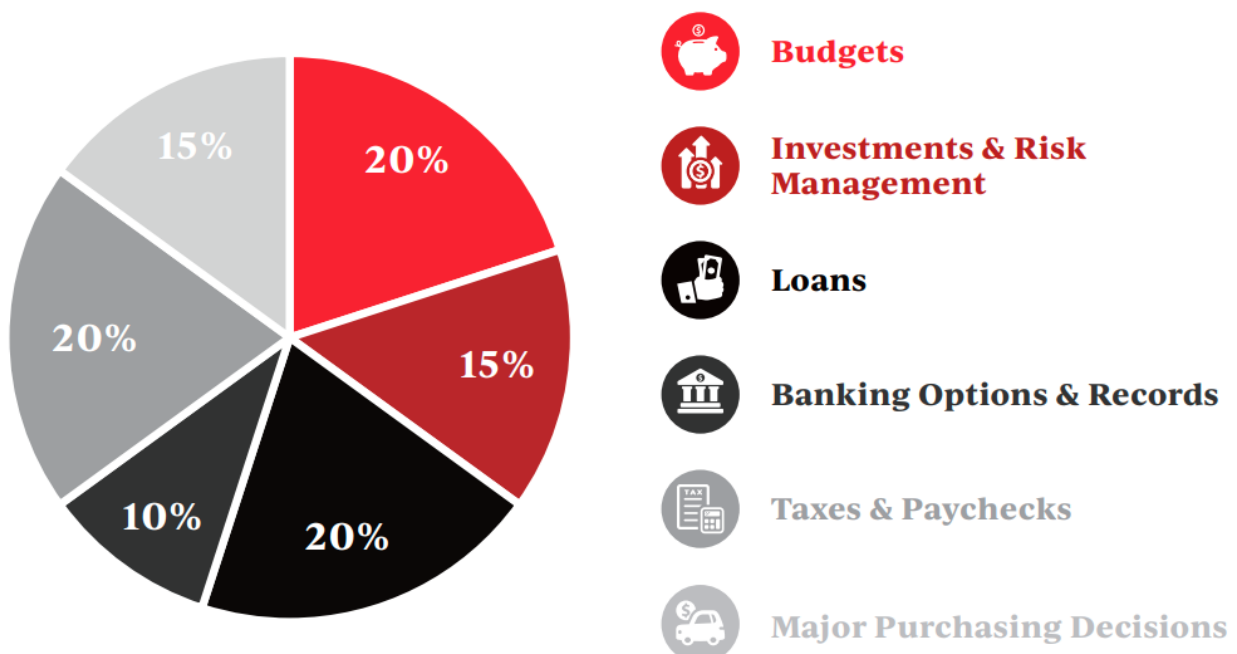
More information about the certification and testing platform can be found at: <https://www.icevonline.com/personal-finance>.

## ABOUT THE CENTER FOR FINANCIAL RESPONSIBILITY

The Center for Financial Responsibility is committed to enhancing the financial wellbeing of both individuals and families. The Center advances these causes by supporting initiatives such as backing research surrounding important policy issues in the financial planning industry and hosting outreach programs to promote future financial success.

Learn more at: [https://www.depts.ttu.edu/hs/pfp/financial\\_literacy\\_certification.php](https://www.depts.ttu.edu/hs/pfp/financial_literacy_certification.php).

## INDUSTRY STANDARD OVERVIEW



# LEARNING OBJECTIVES & INDUSTRY STANDARDS

## 1. Budgets

### 1.1 Creating Personal & Family Budgets

- 1.1.1 To learn to identify current financial situations
- 1.1.2 To investigate various money personalities
- 1.1.3 To develop short-, medium- and long-term financial goals
- 1.1.4 To learn to separate needs from wants
- 1.1.5 To examine budgets which incorporate short-, medium- and long-term financial goals

### 1.2 Personal Financial Planning

- 1.2.1 To describe the family life cycle
- 1.2.2 To formulate a personal budget
- 1.2.3 To describe the various tools available to invest extra funds
- 1.2.4 To associate the risks involved with various types of investments
- 1.2.5 To compare traditional IRAs with Roth IRAs
- 1.2.6 To examine how economic conditions affect personal finance

## 2. Investments & Risk Management

### 2.1 Saving & Investing Strategies

- 2.1.1 To identify reasons for saving and investing
- 2.1.2 To evaluate the costs and benefits of various saving options
- 2.1.3 To evaluate and risk and return of various investment options
- 2.1.4 To design a plan for saving and investing
- 2.1.5 To analyze the relationship between risk and return
- 2.1.6 To interpret the role of goal setting in saving and investment

### 2.2 Personal Risk Management

- 2.2.1 To identify risk management strategies, including avoiding, reducing, retaining and transferring
- 2.2.2 To evaluate various types of insurance, such as auto, health, life and property insurance
- 2.2.3 To examine types of identity theft situations and scams
- 2.2.4 To develop a plan to protect an individual from identity theft

### 2.3 Retirement & Estate Planning

- 2.3.1 To identify retirement costs, such as living and healthcare expenses
- 2.3.2 To explain sources of income during retirement, such as Social Security and employer-sponsored plans
- 2.3.3 To provide estate planning details, such as a will, trust and medical directive

## **3. Loans**

### 3.1 Borrowing Basics

- 3.1.1 To analyze and evaluate sources and types of credit
- 3.1.2 To understand the importance of a credit score and read a credit report
- 3.1.3 To examine the components of the cost of borrowing
- 3.1.4 To differentiate between debit and credit cards
- 3.1.5 To evaluate the basic borrowing process

## **4. Banking Options & Records**

### 4.1 Financial Statements & Recordkeeping

- 4.1.1 To learn to interpret and reconcile bank statements
- 4.1.2 To learn to maintain financial records
- 4.1.3 To learn to construct a balance sheet
- 4.1.4 To evaluate personal and family financial documents

### 4.2 Banking Products & Services

- 4.2.1 To compare products and services available from financial service providers
- 4.2.2 To compare types of banking institutions and processes
- 4.2.3 To explore the process of opening and managing different types of accounts

## **5. Taxes & Paychecks**

### 5.1 Understanding Personal Taxes

- 5.1.1 To define personal income taxes
- 5.1.2 To analyze the importance of taxes
- 5.1.3 To interpret tax liabilities and related forms
- 5.1.4 To explain tax returns and related forms
- 5.1.5 To describe tax brackets
- 5.1.6 To examine the consequences of failing to pay taxes
- 5.1.7 To investigate tax breaks, including deductions, credits and exemptions

### 5.2 Employee Compensation Components

- 5.2.1 To identify employee benefits
- 5.2.2 To analyze various types of income deductions and how they impact take-home pay
- 5.2.3 To describe work-related forms

## 6. Major Purchasing Decisions

- 6.1 Home-Buying Basics: Understanding the Language
  - 6.1.1 To define and explain equity
  - 6.1.2 To discuss the concepts of appreciation and depreciation
  - 6.1.3 To define amortization and analyze typical mortgage payment structure
  - 6.1.4 To investigate types of mortgages
  - 6.1.5 To examine the role and function of Fannie Mae and Freddie Mac
  - 6.1.6 To interpret language commonly used in home purchase agreements
- 6.2 Home-Buying Basics
  - 6.2.1 To examine the pros and cons of homeownership versus renting
  - 6.2.2 To discuss the steps involved in preparing to buy a home, including hiring reliable professionals and getting pre-approved
  - 6.2.3 To investigate factors to consider when looking for a home and methods of house hunting
  - 6.2.4 To analyze the process of making an offer to purchase a property
  - 6.2.5 To describe the process of closing on a home purchase
- 6.3 Car-Buying Basics
  - 6.3.1 To summarize the car-buying process
  - 6.3.2 To describe the advantages and disadvantages of different types of vehicles
  - 6.3.3 To list transportation needs which should be considered when looking for a vehicle
  - 6.3.4 To develop a car-buying budget
  - 6.3.5 To explain the benefits and drawbacks of leasing
  - 6.3.6 To investigate methods of examining cars, test-driving cars, and negotiating
- 6.4 Cost of Education and Training
  - 6.4.1 To analyze the relationship between education, training and earnings
  - 6.4.2 To define and provide examples of postsecondary education
  - 6.4.3 To understand the various sources of funds for postsecondary education and analyze their advantages and disadvantages
  - 6.4.4 To understand different career pathways and their requirements