

Personal Finance

High School Coursebook



Oak Meadow

Personal Finance

Coursebook



Oak Meadow

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Introduction

Welcome to *Personal Finance*, a course designed to engage your curiosity about personal finance and help you build the foundation and confidence necessary to become a financially informed adult. Ideally, you will be inspired to continue to develop your financial skills, curiosity, and learning beyond this course so that you can make strong financial decisions throughout your lifetime. This course merely brushes the surface of the financial world. There will always be more to learn and explore!

Personal finance is just that: personal. What is right for one person is not necessarily right for another. The goal is to have enough information to make informed decisions that are best for you, your family, your needs, your interests, your comfort level, and your goals. These things may change over time. You may need to reassess and try new things as your life circumstances change and evolve. This course presents the information needed to make those kinds of informed, personal decisions.

There is not just one way to manage, spend, or save money. Similar to how people have different music preferences, everyone has different opinions about what works for them financially, what their risk tolerance is, what they want to do with their money, and what their values related to money are. The goal is to figure out what works for you.

Please note the following:

- The information and materials provided in this course are for educational purposes only. This course is not intended to be interpreted as financial advice.
- Your teacher is not a financial professional. If you have specific questions about your personal tax situation, investing decisions, insurance choices, etc., you should consult a certified financial professional for advice and guidance.
- Finance information, rules, and regulations are constantly changing. Information related to taxes, investing contribution limits, FAFSA guidelines, etc., are updated frequently. You are encouraged to investigate the most current and up-to-date information as you approach these topics throughout the course.
- This course focuses on the U.S. financial system. If you are interested in financial information for areas outside the United States, you are welcome and encouraged to explore the lesson topics within the context of that country. Talk with your teacher about this option.

The world of personal finance is vast and ever-evolving. There is simply too much information to convey in a semester, so the goal of this course is to cover the essentials that will help you live an informed financial life. The hope is that this course inspires you to continue learning.

Don't let the sheer size of this coursebook intimidate you—it is packed with resources, options to choose from, and many brief activities intended to support your learning without overwhelming you.

Course Materials

The following materials are used in this course:

- *Mind Your Money* by Yanelly Espinal
- *How to Money* by Jean Chatzky, Kathryn Tuggle, and the HerMoney Team

You will read selected portions of these books to supplement your learning in the course. Feel free to read any unassigned portions at your convenience and hold on to these books for future reference.

This course also uses numerous online resources, which can easily be accessed at oakmeadow.com/curriculum-links. Visit this page to familiarize yourself with how to locate the online resources for this course, and bookmark the page for future reference.

Many of the resources in this course are adapted from Next Gen Personal Finance (NGPF). When you see “NGPF” mentioned throughout the course, it is to indicate and give credit to Next Gen Personal Finance.

You are encouraged to dive deeper into any topic that interests you. Go to the Oak Meadow curriculum links page (oakmeadow.com/curriculum-links) for a list of additional articles, videos, podcasts, and NGPF resources related to the topics in each lesson. These resources are available for you to investigate at any time.

What to Expect in This Course

This course is divided into 18 lessons, and each lesson is designed to take about one week to complete (or five hours, working approximately one hour per day). In the lessons, you will find the following sections:

An **Assignment Checklist** is included at the beginning of each lesson. Assignments are fully explained in the lesson.

Learning Objectives outline the main goals of the lesson and give you an idea of what to expect.

Lesson Introductions highlight key elements of the lesson topic and often include an infographic that contains essential information.

Reading selections focus on deepening your understanding of the lesson topics.

Lesson Topics dive into the individual topics of the lesson and include videos, infographics, and articles. Each topic section can usually be completed in 15–20 minutes.

Self-Check for Understanding gives you a way to gauge your understanding of the material. You'll find the answers at the end of each lesson. This can be a valuable learning tool. Completing the self-check questions will prepare you for the questions and activities in Apply Your Learning.

Apply Your Learning is where you demonstrate what you've learned. These assignments will be submitted to your teacher.

A **Semester Project** will be developed throughout the course, with regular assignments and submissions to your teacher.

Share Your Work provides reminders for students who are submitting work to a teacher.

This course is designed for independent learning, so hopefully you will find it easy to navigate. However, it is assumed you will have an adult (such as a parent, tutor, or school-based teacher) supervising your work and providing support and feedback. We will refer to this person as “your teacher.” If you have a question about your work, ask them for help.

When you begin each lesson, scan the entire lesson first so you have an idea of what you will be doing. Take a quick look at the number of assignments and amount of reading. Having a sense of the whole lesson before you begin will help you manage your time effectively. Use the assignment checklist to keep track of your progress. Check off tasks as you complete them so you can see at a glance what you still need to do. Follow this process for each lesson.

While you can organize the workload in any way you like, here is a sample schedule you might want to follow for each lesson.

DAY 1	Read the lesson introduction Complete the required reading
DAY 2	Read Topics 1 and 2 Complete the topic explorations (reading, viewing, etc.) Complete the Self-Check for Understanding sections for Topics 1 and 2
DAY 3	Read the remaining topics Complete the topic explorations and self-checks
DAYS 4 and 5	Complete the Apply Your Learning section Complete the semester project prompt (when applicable)

Academic Expectations

The appendix contains important material that you will need to read and incorporate into your work throughout the year. Take some time to familiarize yourself with the resources in the appendix. You will find information about original work guidelines, tips on how to avoid accidental plagiarism, and details on citing sources and images.

A Note About the Workload

Students vary greatly in terms of reading speed, reading comprehension, and writing ability. Some may find the reading in this course takes longer than expected; others may find the writing assignments take a great deal of time. In general, you can expect to spend about five hours on each lesson.

Keep an eye on the workload as you progress through the course. If you find you are struggling to complete the work in a reasonable time frame, contact your teacher to discuss your options. Your teacher might modify lessons depending on particular learning goals or challenges you are facing.

Lesson

1

Behavioral Economics

Learning Objectives

In this lesson, you will:

- Reflect on how inner, social, physical, and financial values can affect financial decisions.
- Identify various cognitive biases and their impact on financial decision-making.
- Identify strategies to overcome specific cognitive biases to make healthier financial choices.

Lesson Introduction

In this course, we are going to learn about money—making money, saving money, spending money—and all the complicated factors that influence where our money goes, how it grows, and how finances infiltrate much of our daily lives. The world of personal finance is vast, deep, and highly personal. The goal of this course is to provide you with the foundation needed to enter your young adulthood as an informed financial consumer and, hopefully, start you on the path to being a lifelong financial learner.

Before we can start learning about finances, we first need to look inward to explore and understand our own relationship with money and the role our brains, families, and society play in how we view money and how we form our spending and saving habits. Let's begin our journey through the lens of behavioral economics.

ASSIGNMENT CHECKLIST

- ☐ Read the lesson introduction.
- ☐ Complete the reading assignments.
- ☐ Read and explore the lesson topics.
- ☐ Complete the Self-Check for Understanding sections.
- ☐ Complete the Apply Your Learning assignments.

Lesson Resources

The following resources can be used at any time to support your learning of the lesson topics. The NGPF Personal Finance Dictionary can be used when you encounter a term you are unfamiliar with, and Quizlet offers online flashcards, definitions, quizzes, and games to help you review and solidify your learning.

- NGPF Personal Finance Dictionary: “Behavioral Economics”
- NGPF Quizlet Review Resources: “Behavioral Economics”

All online resources in this course can be accessed at oakmeadow.com/curriculum-links. Bookmark this page for future reference.

Reading

1. In *Mind Your Money*, read chapter 1, “Shhh! Don’t Talk about Money” (11–29).
2. Optional reading: In *How to Money*, read the introduction (1–12).

Lesson Topics

Topic 1: Your Money and Your Values

In his book, *The Psychology of Money*, Morgan Housel writes:

People from different generations, raised by different parents who earned different incomes and held different values, in different parts of the world, born into different economies, experiencing different job markets with different incentives and different degrees of luck, learn very different lessons [about money]. (11)

Perhaps the best place to start when talking about personal finance is to understand our relationship with money, which grows from our personal life experiences. Our relationship with money can be very complex because there are many elements that influence how we interact with our finances. How we are raised, the models set for us by our families, caregivers, and friends, and what we value are just some of the many factors that impact our views on money. Our own personal values play a large role in how we determine where to spend our money and where to place financial importance. There are four categories of values that have been shown to drive our financial decisions and behaviors:

- **Inner values** are based on how we see ourselves and how we think others see us.
- **Social values** are based on our desire to belong and relate to those around us.
- **Physical values** relate to our physical health and well-being.

- **Financial values** are based on what we think or believe about money, regardless of how much we have.

Understanding your own relationship with these values can help you understand what matters most to you and what drives your decisions about how to spend your money.

Explore Topic 1

1. Watch the following video:

“Easy Ways to Identify Your Money Values”

(All online resources in this course can be accessed at oakmeadow.com/curriculum-links.)

2. View the slide deck at the following resource:

“NGPF Explore Your Money Values”

Take some time to consider how you feel about each value statement.

Topic 2: Your Money and Your Brain

In addition to our values, our cognitive biases play a significant role in how we think about money. Cognitive biases are unconscious and systematic errors in thinking that impact our judgments and decision-making. Our brains, while complex and powerful, fall victim to cognitive bias when we try to simplify information to process it. While this allows us to make sense of complicated situations and make quick decisions, these decisions might be based on irrational and inaccurate information. One example of cognitive bias is confirmation bias, which happens when people place greater emphasis on information that confirms their beliefs and view it as more credible than information that contradicts their beliefs.

Everyone has cognitive biases, and we all make decisions based on them. Understanding what those biases are can help us acknowledge when they are impacting our financial decisions. This gives us a chance to course-correct our thinking to make stronger financial choices.

Explore Topic 2

1. Watch the following video:

“5 Ways People Are Dumb with Money”

2. View the following infographic:

“Signs of Cognitive Bias”

Self-Check for Understanding

Checking your knowledge along the way in each lesson can clarify the concepts and help you retain the information better.

After answering the questions below, check your answers at the end of the lesson to make sure you are on the right track. Refer to the lesson reading if you need a refresher.

1. Explain the endowment effect in your own words.
2. How do retailers exploit the sunk cost fallacy?
3. Have you ever experienced transaction utility?
4. Why is money considered fungible?

Topic 3: Loss Aversion

Think about how you would feel if someone gave you a \$50 gift card to your favorite store. Now think about how you would feel if you lost a \$50 gift card to your favorite store. Which of those scenarios produced the stronger emotional reaction?

Loss aversion is just what it sounds like. If you are like most people, your negative reaction to losing \$50 was stronger than your positive reaction to receiving it. We feel losses much more strongly than we feel gains or wins, so we tend to want to avoid that feeling of loss as much as possible. This leads to a bias in which we often make decisions to avoid that feeling of loss, even if those decisions are not financially sound.

It is important to put a potential loss into perspective and logically weigh it against the potential gain. One way to do this is to reframe the question, decision, or situation to highlight the potential gains instead of focusing on the loss. Another important strategy is to ask yourself what the worst possible outcome would be if you made a specific decision. Is the loss really as bad as it seems?



(Image credit: thedecisionlab.com)

Explore Topic 3

1. Watch the following video:

“The Psychology Behind Irrational Decisions”

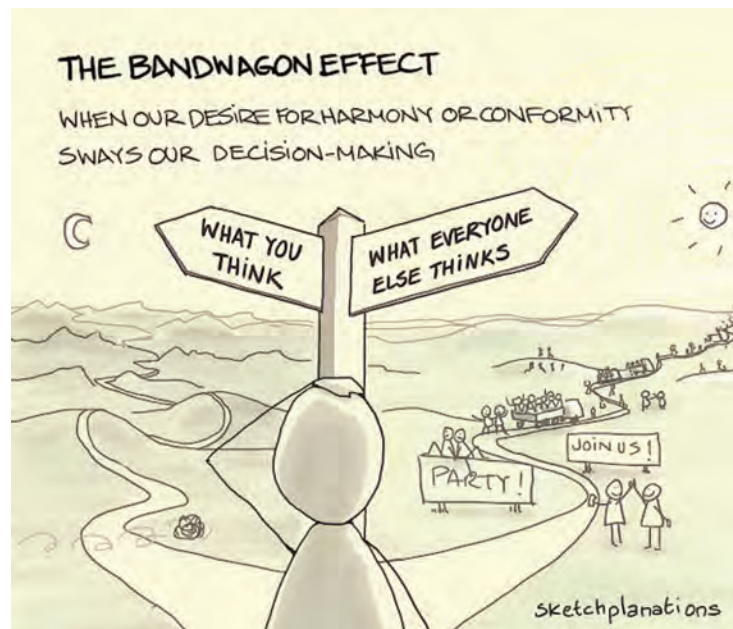
Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

1. How much more strongly do we feel losses than gains?
2. What are heuristics?
3. How can you combat heuristics when making decisions?

Topic 4: Herd Mentality and FOMO

Herd mentality, also known as the bandwagon effect, is a cognitive bias that drives us to conform to the majority view. It is easier to “go with the flow” than to state a different opinion, idea, or decision. Sometimes it makes sense to go with the group, but it can come at a cost, especially in the realm of financial decision-making. FOMO (Fear of Missing Out) is closely related to herd mentality. After all, if everyone else is doing it, what are you missing out on if you are the only one who doesn’t do it?



(Image credit: sketchplanations.com)

Explore Topic 4

1. Watch the following videos:

“Question the Herd”

“FOMO: Our Relationship with Social Media”

2. Read the following article:

“What are FOMO and YOLO Teaching Us about Our Money?”

Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

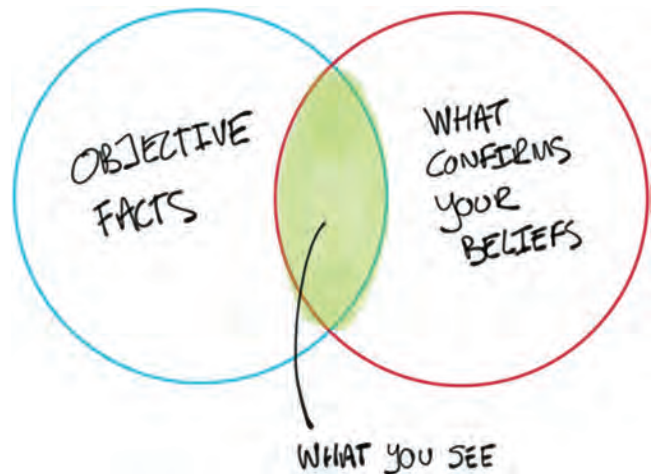
1. Do you think you would have chosen the same wrong answer as most people in the video “Question the Herd,” or would you have gone against the group?
2. Why are we predisposed to want to go with the group?
3. Why is too much FOMO or YOLO (You Only Live Once) sometimes financially dangerous?
4. What is one strategy we can use to keep herd mentality and FOMO in check?

Topic 5: Confirmation Bias



(Image credit: sketchplanations.com)

Confirmation bias is one of the strongest biases we face today, due in part to the widespread influence of social media. This bias drives us to consume information that solely reinforces our own worldview and belief system. When it comes to money, confirmation bias can play a significant role in financial decision-making as we filter out information that does not support or confirm our beliefs, regardless of the credibility of that information.



(Image credit: Farnam Street Media Inc.)

Explore Topic 5

1. Watch the following video:
"Confirmation Bias (Explained in a Minute)"
2. View the following infographic:
"Examples of Confirmation Bias"

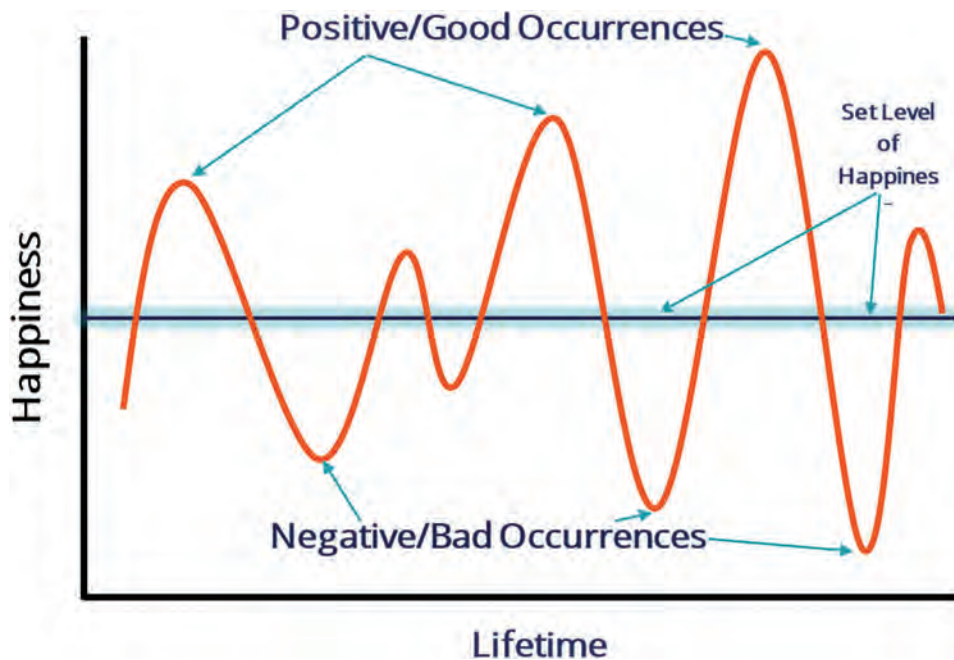
Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

1. Can you explain how confirmation bias is being demonstrated in each of the following scenarios?
 - a. A friend who knows a lot about investments tells you about a new company they are investing in and suggests you do the same. Later, you see an article that suggests the company might not be headed for greatness, but you decide to invest anyway.
 - b. You are in the market for a new television and begin researching a particular brand that you like. You read reviews on the company website and check out the company's Facebook and Instagram pages to learn more. You decide to purchase this brand when you are finished.
 - c. A stock in a company you really like is on the rise. You do some research and run across three pieces of evidence that the company will likely not turn a profit and one piece of evidence that the company is under new management and has a positive future ahead. You go ahead and buy a large number of stocks in the company because you believe the new management will keep the company on the right track.

Topic 6: Happiness and Hedonic Adaptation

Observe the following graphic. What do you notice? How do you interpret the graph?



What we see in this graph is that, over a lifetime, a person's happiness levels are relatively set at a baseline. This baseline might be different for everyone. We see that positive and negative life events can cause our happiness levels to fluctuate temporarily, but ultimately we return to this relatively stable happiness baseline. This leads us to explore the age-old question, "Can money buy happiness?"

Explore Topic 6

1. Watch the following video:
"Would Winning the Lottery Make You Happier?"
2. Read the following article:
"Want Stuff? Why We Are Driven to Buy More"
3. Listen to the following audio clip:
"Pursuit of Happiness"

Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

1. What is hedonic adaptation?
2. How can money buy happiness?
3. Summarize the five main motivations for spending money.
4. What can the marketing strategy of the McRib and the findings of the chocolate experiment teach us about combating hedonic adaptation?

Optional activity:

Play the following interactive game to see if you can determine if a given scenario represents a sunk cost or not.

Marginal Revolution University Interactive: Sunk Cost or Not?

Apply Your Learning

After exploring the lesson topics, complete the following assignments, which will be submitted to your teacher. Unless otherwise specified, you may give your response in the form of your choosing, such as written sentences, a table or chart, a visual representation or infographic, an audio or video recording, etc. Make sure that all parts of the assignment are clearly addressed.

1. In the first chapter of *Mind Your Money*, why does the author emphasize the importance of talking about money with our families and learning about personal finance at a young age?
2. Return to the slide deck at the following resource:

“NGPF Explore Your Money Values”

Answer the following questions.

- a. Were you surprised by your reaction to any of the value statements?
- b. Which statements did you agree with the most? How do you think this reflects your money values?
- c. Which statements did you disagree with? How do you think this reflects your money values?
- d. Choose one of the statements and explain how someone’s feelings on that particular value might influence how they spend their money.
- e. Do you think people’s money values can change over time? Why or why not?

3. View the slide deck at the following resource:

“When Do Consumers Deal with Loss Aversion?”

Answer the following questions based on your experience. If you have not shopped online before, interview someone you know who has to get a sense of their experience and summarize their answers to questions a and b.

- a. Do you recognize any of these strategies from your own experience with online shopping? Which ones? How did they affect you?
 - b. Can you think of a time when you purchased something or seriously considered purchasing something due to loss aversion? Explain.
 - c. What is a strategy you could employ to combat the loss aversion bias?
4. Learn about at least two other biases from the following list that we did not cover in this lesson:

“Cognitive Biases”

Choose one of the biases listed and create a visual representation, poem, story, video, or infographic that could teach someone else about that bias. In your summary, you should address what the bias is, explain how we are affected by it, give an example of it, and outline strategies to overcome it.

5. Read the following article:

“7 Real Example of FOMO in Advertising”

- a. Do some pretend online shopping and find two examples of FOMO marketing strategies. Include screenshots or a detailed description of what you see.
 - b. What FOMO marketing strategy do you find to be the most effective, and why?
 - c. Have you ever experienced one of these strategies when online shopping? How did it impact you?
6. What did you find most compelling, surprising, interesting, or exciting about behavioral economics?
7. What are you left wondering more about regarding behavioral economics? Write down two or three questions you have. These can be broad, general questions or specific questions related to your own current or future experiences.
8. What are three financial goals you can make for yourself based on what you learned in this lesson?

Answers to Self-Check for Understanding

Topic 2: Your Money and Your Brain

1. The endowment effect is our tendency to assign more value to the things we already own than the things we could own. Sellers often value products at more than they paid for them due to this type of bias. Refusing to sell something for more than you paid for it is an example of the endowment effect.
2. Retailers exploit the sunk cost fallacy by selling memberships that include perks like free shipping and discounts, knowing people will buy more than they need so that they “get their money’s worth.”
3. Examples of transaction utility include seeing a price tag that compares the MSRP price to the store price to convince you you’re getting a great deal and buying something just because it is on sale and not because you need it.
4. Money is fungible because every dollar bill is interchangeable with any other dollar bill. Money should not be treated differently based on where it came from (such as earned through a job versus won on a scratcher), which can lead to mental accounting fallacies.

Topic 3: Loss Aversion

1. We feel losses twice as strongly as we feel gains.
2. Heuristics direct us to make decisions based on previous experiences and intuition rather than on the analysis of the facts. They are mental shortcuts that lead to irrational decisions and logical fallacies, which are especially prevalent when dealing with numbers, probability, and multiple details. Heuristics served as an evolutionary necessity for survival by allowing us to make quick decisions with limited information, but today we need to make much more complex decisions that are impacted by unconscious biases more than we realize.
3. We can combat heuristics in decision-making by pausing when we are making a decision to consider all the facts and evaluate the options available to us rather than relying solely on intuition.

Topic 4: Herd Mentality and FOMO

1. You might have chosen to “follow the herd” because you agreed with them or because seeing so many people in agreement made you question your own decision, or you might have chosen to stand alone because you felt very sure of yourself (or just wanted to be different!).
2. There are evolutionary advantages for those who follow the herd because it is a survival instinct. Living in a group offers protection, safety, and resources, and going against the grain can threaten that security.

3. FOMO or YOLO can be dangerous financially because if we make too many financial decisions based on keeping up with others or experiencing everything we can in the moment, we can neglect to save for long-term goals (like saving for a home or a comfortable retirement). This can leave us in less-than-ideal financial situations down the road.
4. The article suggests being clear about your goals and values to combat FOMO. Set some goals and boundaries regarding how many big-ticket experiences (trips, meals out, etc.) you are going to budget for per week/month/year so that you can also prioritize other long-term saving goals. Be clear about your personal values and make sure your financial spending and goals reflect those values. Change your mindset from FOMO to JOMO (Joy of Missing Out), and cherish the decisions you are making for your future self!

Topic 5: Confirmation Bias

1. Confirmation bias is being demonstrated by . . .
 - a. Ignoring information that challenges your beliefs. In this scenario, you are trusting the opinion of someone you value and ignoring contradictory information from another source.
 - b. Not seeking out objective facts. When researching the product, you are choosing to only read information put out by the company itself, which is very likely biased. It is always a good idea to read outside reviews and compare information from outside sources, impartial parties, and other brands.
 - c. Interpreting information to support your existing belief and/or only remembering information that upholds your belief. In this scenario, you already like this company, so you rely on the evidence that supports that feeling, and/or when you go to buy the stock, you only remember the one piece of evidence that supports your belief rather than the three that contradict it.

Topic 6: Happiness and Hedonic Adaptation

1. Hedonic adaptation (or the hedonic treadmill) is our tendency to adapt to new situations to keep a stable emotional state. Our happiness levels stay more or less constant throughout our existence. As we get used to new and exciting things, we eventually revert to our default emotional state, making us less emotionally sensitive to change—positive or negative. This develops resilience when recovering from difficult situations.
2. It has been shown that spending money on experiences instead of material things causes us to be happier. Likewise, spending money on other people over spending money on ourselves can increase happiness levels.
3. Spending money feels good. Shopping releases feel-good chemicals in our brains. We can't help it—we are drawn to a good sale, saving money, and enticing advertisements. This speaks to our cognitive biases and prolonged exposure to advertising techniques that are designed to get us to spend money. We need to spend money to satisfy human needs. This includes basic needs like food and shelter and more complex needs like safety, physiological well-being, self-

actualization, self-esteem, and love/belonging. We like new things. We spend money because we get bored with or outgrow our purchases and feel we need to keep upgrading to the next thing to keep our attention. Finally, we spend money because we want to feel special. We want to have more and better things than those around us so that we can rise on the social comparison ladder.

4. The marketing strategy of the McRib and the chocolate experiment show us that if we take a break from the things we enjoy, it renews our ability to appreciate them and derive happiness from them.

SHARE YOUR WORK

When you have completed this lesson, share the following with your teacher for feedback:

- Apply Your Learning assignments

Your teacher will let you know the best way to submit your work and whether they prefer an alternative submission schedule.

At any time in the course, if you are unable to complete the assignments or activities as written, please contact your teacher to arrange a different option.

If you have any questions about the lesson content, assignments, or submission methods, let your teacher know.

Lesson

2

Consumer Skills

Learning Objectives

In this lesson, you will:

- Identify the impact that social media and influencers have on purchasing decisions.
- Understand how targeted advertisements and dark patterns impact consumers.
- Identify strategies that can help consumers make wise online shopping decisions, like comparison shopping and spotting fake reviews.
- Analyze the various roles ethics can play in consumption.
- Understand the risks and how to avoid or recover from fraud, scams, and identity theft.

ASSIGNMENT CHECKLIST

- ☐ Read the lesson introduction.
- ☐ Complete the reading assignments.
- ☐ Read and explore the lesson topics.
- ☐ Complete the Self-Check for Understanding sections.
- ☐ Complete the Apply Your Learning assignments.
- ☐ Semester Project Entry 1

Lesson Introduction

Consumer behavior is actively studied by retailers, who will try every trick in the book to encourage spending. Watch this funny short video for an introduction to this lesson:

“Shopping Math Is the New Free!”

Have you ever found yourself making similar justifications when it comes to shopping or spending money? It is really easy to reason your way into buying something that is on sale because it means you are “saving money.” But there are two ways to look at it: if you get something for \$80 instead of \$100 because it was 20 percent off, did you save \$20 or did you spend \$80?

We make a lot of financial decisions when shopping—some smart, and some less so. With the rise of online shopping and the increase in targeted advertisements on social media, we find ourselves confronted with decisions about shopping and spending money even more than we used to.

The average Gen Zer holds seven or eight social media accounts and spends an average of three hours a day on them. And you might have heard the saying, if the social media platform you’re using is free,

then you are the product. You are paying with your time, attention, and ultimately your money as targeted advertisements entice you to buy products you might otherwise have never even known you needed or wanted. On top of that, social media makes it so easy for you to spend money. They track your activity and collect your data to offer you products through targeted ads based on your interests. They use behavioral science to take advantage of the way our brains respond to ads, and they make shopping frictionless. In most cases, you no longer even need to leave the social media app to buy a product.

There are pros and cons to this evolution in shopping. It can be nice to get things you need without having to leave your house. Targeted ads make sure you are seeing products that actually interest you. But it does come at a financial cost. The time people spend on social media is growing, so being an educated and savvy consumer can help you make better financial decisions, whether shopping online or in person, and save more money in the long run.

Lesson Resources

The following resources can be used at any time to support your learning of the lesson topics:

- NGPF Personal Finance Dictionary: “Consumer Skills”
- NGPF Quizlet Review Resources: “Consumer Skills”

All online resources in this course can be accessed at oakmeadow.com/curriculum-links.

Reading

1. In *Mind Your Money*, read chapter 2, “Get Your Mind Right” (31–52).
2. Optional reading: In *How to Money*, read chapter 9, “Spending Smart” (144–156).

Lesson Topics

Topic 1: TikTok Made Me Buy It: Social Media and Your Money

Answer the following NGPF Question of the Day, and then view the next slide to see the answer:

“What percent of Gen Zers shop online on a daily or weekly basis?”

Have you ever bought something off TikTok, Instagram, or Facebook because of an influencer or a targeted ad? What made you buy it? If you are on social media, then you are familiar with targeted ads. Social media platforms track your activity and use algorithms to learn your likes and dislikes. They then flood your social media feed with products they know will be enticing to you. Between targeted

ads and influencers, you may find yourself buying—or at least tempted to buy—a lot of products that you don't necessarily need. This means that social media is driving your spending decisions and nudging you in a direction you might not have taken.

Explore Topic 1

1. Watch the following video:

“TikTok Made Me Buy It”

2. View the following infographic:

“What Does Social Media Influence Us to Buy?”

3. Watch the following videos:

“Influencing the Influencers”

“Scams and Traps on Social Media Apps”

Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

1. How many TikTok users purchased a product from an ad in 2021?
2. What is the number one category of items bought by Americans via social media? What is the second?
3. What were your reactions to the video “Influencing the Influencers”? What do you think this demonstrates about the authenticity of influencers you might follow on social media?
4. Who is the main target of social media scams?
5. What is one step you can take to avoid being scammed?

Topic 2: Targeted Advertising and Dark Patterns

Answer the following NGPF Question of the Day, and then view the next slide to see the answer:

“What are the most popular ‘tricks’ that shopping websites use to get us to buy more?”

Examples of Nudges

- Free delivery
- Ratings
- Delivery date
- In stock
- Sale price
- Earn a credit
- Over 1,000 ratings
- Buy Now (one click)
- Look inside
- Buy buttons
- Specific \$ amount saved
- Sales price in red
- Secure transaction
- GREAT used repeatedly
- Editorial reviews
- Order in three hours to get...
- Share on social media
- Available on Kindle - NOW!
- Color choices
- Return policy

(Image credit: Next Gen Personal Finance)

Examine the marketing for the following product:

Amazon Product Listing

What kind of “nudges” do you notice that prompt you to click “Add to Cart”?

You have likely encountered many of these “nudges” without even realizing it. Nudges are enticing words, phrases, colors, and offers that get you to want to buy something *right now*. You may also be familiar with targeted advertising through your online and social media use. You might be less familiar with some other marketing strategies known as *dark patterns* that you are likely encountering all the time. Dark patterns are tactics that companies use to make more money. They often can cause a negative and frustrating customer experience, but they aren’t exactly illegal. Familiarizing yourself with these tactics so that you can recognize them when you encounter them is the best way to avoid them and not fall victim to their trap.

Explore Topic 2

1. Watch the following video or read the article:

Video: “How Targeted Ads Work”

Article: “What Is Targeted Advertising?”

2. Watch the following video:

“How Dark Patterns Trick You Online”

3. Read the following article, which lists 12 common dark patterns:

“What Are Dark Patterns in UX Design?”

Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

1. What are some things you can do to minimize targeted ads?
2. What is the Roach Motel dark pattern?
3. Analyze the following examples of dark patterns:

“Identifying Dark Patterns”

Match each description to one of the 12 dark patterns described in the article “What Are Dark Patterns in UX Design?”

Topic 3: Being a Savvy Consumer

Answer the following NGPF Question of the Day, and then view the next slide to see the answer:

“What percent of consumers read online reviews before buying a product?”

Most shoppers do at least some of their shopping online. Many people rely on online reviews to help them make purchasing decisions. Reviews can be a useful tool, but it is also important to consider how valid the reviews you are relying on are. Whether you are shopping online or in person, there are useful strategies you can use to make sure you are making the most financially sound decisions. Setting a budget, comparing prices, looking for the best quality, quantity, or longevity of the product, and considering your method of payment are always good to consider when you are spending your hard-earned money.

Explore Topic 3

1. Watch the following video:

“13 Investigates: Take a Closer Look at Online Reviews”

2. Read the following article:

“How to Spot Fake Reviews: 6 Easy Steps”

3. View the following infographic:

“Shopping Online”

4. Watch the following video:

“Buy Now, Pay Later: Are These Offers Worth It?”

Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

1. What are some signs a review might not be trustworthy?
2. What are some things to consider when making a purchase?
3. What is “buy now pay later” (BNPL)? How does it work? When should you use it?
4. Why is BNPL dangerous for consumers?

Topic 4: Being an Ethical Consumer

We may not always think of shopping as an ethical decision, but how we choose to spend our money matters. You may have heard the phrase “vote with your dollar,” meaning you should spend your money on the products that reflect your beliefs and values, including political, moral, spiritual, and ethical concerns.

The ways in which we choose to spend our money can have an impact. It impacts our communities when we buy locally, our health when we buy organic foods or chemical-free products, and our planet when we choose to buy sustainable, renewable, and environmentally friendly goods from eco-conscious companies. Not every purchase we make needs to be an ethical one (nor is it always feasible, affordable, or accessible for everyone to factor these decisions into their shopping), but the more informed we can be about how we spend our money, the better it is for all of us.

Explore Topic 4

1. Watch the following video:
“Ethical Shopping—An Introduction”
2. Read the following article:
“A Guide to Greenwashing and How to Spot It”
3. Watch the following videos:
“So Over Overconsumption”
“Secondhand Savings”

Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

1. What is an ethical consumer?
2. What is greenwashing? What are some signs a product might be greenwashed?
3. What is deinfluencing? What are some arguments in favor of and against deinfluencing?
4. What is thrifting? What are some reasons people choose thrifting over buying new?

Topic 5: Protecting Yourself Online: Identity Theft, Scams, and Fraud

Answer the following NGPF Question of the Day, and then view the next slide to see the answer:

“How many of the top 10 most commonly used passwords can you guess?”

As more and more of our lives are conducted online, it is important to know how to keep yourself and your information as secure as possible. When your online information is compromised, you could fall victim to identity theft, scams, or fraud.

All scams are frauds, but not all frauds are scams. Fraud is a broad legal term that covers many unlawful acts where deception, theft, or coercion occur. Under the umbrella of fraud, there are identity theft and scams. Identity theft happens when someone unlawfully gains personally identifiable information, often without the victim knowing, usually using it for financial gain. Scams happen when the victim is persuaded (usually under false pretenses) to make or authorize a money transfer. In a scam, the scammer convinces the victim to willingly give them information or money; with fraud, information or money is stolen without interacting with the victim and without the victim's immediate knowledge. The best thing to do is to stay vigilant and take every precaution to stay safe online.

Explore Topic 5

1. Watch the following videos:

“Can You Really Protect Your Identity Online?”

“It’s a Money Thing: Protecting Yourself from Identity Theft”

“IdentityTheft.gov Helps You Report and Recover from Identity Theft”

2. View the following infographic that gives ten tips for data breach victims:

“Help for When Your Personal Information Is Exposed”

3. Watch the following video:

“Every Scam Has One of These Red Flags: Ex-Con Man Frank Abagnale”

Self-Check for Understanding

After answering the questions below, check your answers at the end of the lesson.

1. How many Americans are victims of identity theft each year?
2. What is the real downside to identity theft?
3. Who is the perfect victim for identity theft?
4. What are some things you should do to protect yourself online?
5. What can you do if you are a victim of identity theft?
6. According to Frank Abagnale, what are the two main red flags of most scams?

Optional activity:

Play this game to see if you can avoid falling for common dark patterns:

“NGPF Arcade Game: Terms and Conditions”

Apply Your Learning

For the following assignments, you may give your response in the form of your choosing, such as written sentences, a table or chart, a visual representation or infographic, an audio or video recording, etc. Make sure that all parts of the assignment are clearly addressed.

1. According to *Mind Your Money*, what are the four questions you should ask yourself before you purchase something? Why are these questions important?
2. Choose one of the following activities to complete.
 - a. Find your own examples of at least three of the dark patterns you learned about. Take screenshots of your examples, and explain which dark patterns are present in each example.

Write a few sentences about how learning about dark patterns has changed your thinking or habits around online shopping. What steps will you take going forward to be aware of and

avoid the influence of dark patterns? (If you do not online shop, discuss what you've learned with someone who does and ask about their experience with dark patterns.)

b. Read the following article:

“A Social Media Break Could Save You Money. Here's How”

Do you agree or disagree with any of the strategies in this article? Would you be interested in trying any of these strategies? Why or why not? What do you think the outcome would be? If you do not use social media, consider these questions as if you did, or interview someone who does and summarize their experience.

c. Read the following summary from NGPF on the cognitive biases that social media influencers take advantage of to sell you products:

“Olympic Village Slides Cognitive Biases”

Find at least three examples of online posts from influencers or advertisers that exhibit these characteristics, and explain why each is effective. If you do not use social media, interview someone who does and ask about their experience with how influencers and advertisers take advantage of cognitive biases.

3. Choose one of the videos from the choices below to watch.

Scams “5 Biggest Financial Scams (and How to Avoid Them)”	Thrifting “Thrift Shopping: Making Fashion More Sustainable”	Ethical Consuming/B Corps “Why B Corps Matter”
The Environmental Impact of Online Shopping “The Truth about Online Shopping”	Subscription Fees “Subscriptions Everywhere! Clean Up Those Forgotten Monthly Fees”	Hidden Fees “How to Avoid Hidden Fees!”
The Buy Nothing Project “‘Buy Nothing Project’ Groups Offering More than Just Gifts”	The Price of Your Attention “Is Our Attention for Sale?”	How the Pandemic Changed the Way We Shop “The Future of Retail: How Will the Pandemic Change How We Shop?”

After watching the video you chose, answer the following questions.

- Why did you choose the video you did?
- What were your biggest takeaways from the video?
- How will what you've learned impact your online or financial behaviors or habits going forward?

4. Read the following article:

“10 Ways to Spend Less When Shopping Online”

Reflect on your own online shopping habits. Do you shop online? What entices you to make purchases? Which of the strategies mentioned in the article do you think could help you make the best financial decisions possible when shopping online, and why?

If you do not shop online, interview someone who does and discuss their experiences and these strategies; summarize what you learned.

5. Complete the following activity from NGPF:

“Play: Spot the Scam Signs”

Review the tactics commonly used by scammers on the second slide, and then identify the signs that each of the following five examples are scams.

6. What did you find most compelling, surprising, interesting, or exciting about consumer skills?
7. What are you left wondering more about in regard to consumer skills? Write down two or three questions you have. These can be broad, general questions or specific questions related to your own current or future experiences.
8. What are three financial goals you can make for yourself based on what you learned in this lesson?

Semester Project

Entry 1: Behavioral Economics and Consumer Skills

Throughout this course, you will be collecting information that will culminate in a final project. After every few lessons, you will be prompted to reflect on your learning to capture the highlights and important concepts. At the end of the course, you will compile this information into something that you can use now and reference in the future.

Use the Semester Project Template found in the appendix of this coursebook, or make a similar chart and save it to your computer for easy access throughout the course. (You can download a digital version from the online curriculum links.)

You will add new entries at regular intervals and share them with your teacher.

1. Reflect on what you learned in lessons 1 and 2, using the following prompts to organize your thoughts. Be as thorough as possible. You will use your notes in your final project.

TAKEAWAYS: What were your biggest takeaways? What stuck out to you as the most surprising or essential information?

TIPS: Based on what you learned, what financial advice would you give your future self?

THINKING AHEAD: Revisit the goals you made at the end of each lesson. Write down two or three goals that you think are the most important and achievable for you. Explain what would motivate you to work toward achieving these goals.

RESOURCES: Are there any images, quotes, links, resources, etc., from these lessons that you would like to save for future reference? Add them to your Semester Project Template.

REFLECT: What questions can you regularly ask yourself to make sure your financial habits reflect your goals and values about this topic? (For example, “I value saving for the future, so does my budget reflect that?”)

Answers to Self-Check for Understanding

Topic 1: TikTok Made Me Buy It: Social Media and Your Money

1. Forty-nine percent of users have bought something from an ad on TikTok.
2. Clothing and accessories were the number one items bought by Americans on social media, followed by health and beauty products.
3. Influencers are just as susceptible to influence as the rest of us! We all fall for subliminal cues and messaging, we all have cognitive biases that impact our decision-making skills, and we are all easily influenced. This should make us think twice before putting too much stock in the influencers we follow and the products they are selling.
4. Those under the age of 20 are the largest target of social media scams.
5. To avoid being scammed, research the account and check that it is verified.

Topic 2: Targeted Advertising and Dark Patterns

1. To minimize targeted ads, you can adjust privacy settings on social media, apps, and devices, use a special browser designed to protect your privacy, or use your browser’s private browsing mode.
2. In a Roach Motel dark pattern, it is easy to join but hard to quit. Canceling an online account is an example of a Roach Motel dark pattern because it is very easy to join, but it is often very difficult to close your account. This is an intentional move to frustrate you into giving up on canceling your account so they can continue making money off of you.
3. 12 Dark Patterns Matching Activity:
 - **Example A is Misdirection:** The bright red button focuses your attention so you will click on it and pay for something extra you don’t need.
 - **Example B is Friend Spamming:** They are attempting to import your contact lists to have access to all your email contacts.

- **Example C is Hidden Costs:** You add something to the basket for \$34.99 but the final cost ends up being \$52.97 after all the hidden fees are added on.
- **Example D is Confirmshaming:** “I don’t want smarter email” is the option to decline, which is an attempt to shame you into pushing the other button.
- **Example E is Disguised Ads:** Two ads are hidden within the content (highlighted in red).
- **Example F is Forced Continuity:** You must provide a credit card to sign up, which they will automatically begin to charge once the free trial has ended.
- **Example G is Price Comparison Prevention:** It is difficult to compare prices of similar items to make an informed decision.
- **Example H is Roach Motel:** They automatically include an offer that will take multiple steps to get out of.
- **Example I is Sneak into Basket:** The item highlighted in red was added to the basket automatically and you must manually remove it to avoid paying for it.
- **Example J is Trick Questions:** The top check box allows you to opt-out, but the bottom check box is opting in. This tricks the user into clicking both boxes, which are worded in a way to confuse the user.
- **Example K is Privacy Zuckering:** You are being tricked into sharing more information than you thought. You must uncheck the hidden green toggles to opt-out.
- **Example L is Bait and Switch:** Parking appears to be a \$4 flat rate until you see the very fine print that explains you’ll be charged \$4 every 10 minutes.

Topic 3: Being a Savvy Consumer

1. Some signs that a review might not be trustworthy are a sparse profile with little information about the reviewer, a new reviewer with very few reviews, a lack of specific or helpful information in the review (indicating the reviewer might not have actually used the product), the brand name is used repeatedly, exaggerated language, or any other signs that it might be too good to be true.
2. When making a purchase, some things you should consider are your budget, the quality of the item, any discounts or sales that could be taken advantage of, the return policy, reviews, price comparisons, “must haves” versus negotiables, and how you will pay for the item.
3. Buy now pay later (BNPL) is a payment option at checkout that allows you to split your purchase into four interest-free payments instead of paying one lump sum. You set up an account with the BNPL company, and they will do a soft credit pull to approve your account (this does not hurt your credit score). You give them your payment information and make the first of four payments at checkout. The other three payments are paid every two weeks after that.

Buy now pay later should not be your default method of payment for small, everyday purchases. It might be appropriate to use it for a one-time large purchase to split up the payments or for an

emergency purchase, if needed. You should use it only if you know you can afford the purchase and make the payments on time.

4. Buy now pay later encourages consumers to add more to their shopping carts because they are paying a smaller amount up front. This can lead to overspending or encourage people to buy things that they can't afford. Many consumers spend beyond their budget and then are unable to make their payments on time. Others incur overdraft fees if there is not enough money in their account when the charge goes through or late fees if the payment is not automated and they forget to pay on time. BNPL does not help you build credit, and there is no rewards system like many credit cards have.

Topic 4: Being an Ethical Consumer

1. An ethical consumer is someone who shops according to their beliefs. Being an ethical consumer can be good for the planet, people, and animals, and it can have a positive political impact.
2. Greenwashing is a marketing strategy that disguises a product or company as more environmentally friendly than it actually is. This is an attempt to convince consumers that a company is making positive, sustainable choices (when in reality they are not). Signs of greenwashing include the following:
 - Only highlighting the positive attributes of a company or product without disclosing the negative environmental impacts they have.
 - Symbolic actions that draw attention to a small positive attribute and deflect attention away from larger, more harmful company practices.
 - Hidden trade-offs that end up counteracting positive practices.
 - Vague and irrelevant claims about a company or product, or meaningless language on labels.
3. Deinfluencing is a newer movement started in 2023 on social media where influencers call out trendy products that are not worth your money. Some arguments in favor of deinfluencing are that young people are seeing how damaging overconsumption can be, both financially and environmentally. This movement is encouraging people to move away from feeling like they need to buy every trendy thing they see on social media. Some arguments against deinfluencing are that it is another way for influencers to make money, and it is not really counteracting overconsumption because influencers are just suggesting other cheaper products to buy over the expensive ones.
4. Thrifting is shopping for secondhand (used) items instead of buying things that are new. Thrifting allows you to curate your own unique style, and buying used is cheaper than buying new (saving about 50 percent on average). It is more environmentally friendly because it cuts down on the water, microplastics, pollution, and petroleum that are used in the manufacturing and shipping process. Also, selling your own items can make you money.

Topic 5: Protecting Yourself Online: Identity Theft, Scams, and Fraud

1. About 17.6 million Americans, or 7 percent of people over 16, are victims of identity theft each year.
2. Thanks to zero liability protection offered by banks, most people do not suffer financial losses from identity theft. However, the real cost is time. It can take hours on the phone to clear things up with your bank or credit card company, and it can take years to clear your name and untangle your real identity from the fake one.
3. The perfect victim for identity theft is someone who rarely looks at their account balance, doesn't keep a close eye on their credit report, and rarely communicates with their bank or credit union
4. Here are some things you can do to protect yourself online:
 - Shred important documents to avoid them being stolen.
 - Only carry the bare minimum with you in your wallet.
 - Password protect your phone.
 - Don't store passwords on to-do list apps.
 - Don't announce when you are going out of town on vacation.
 - Never do shopping or banking on public Wi-Fi networks.
 - Only shop on trusted sites (https).
 - Look out for suspicious emails and links.
 - Use spam filters and antivirus software.
 - Don't use the same password for everything.
 - Familiarize yourself with your billing cycles.
5. Here are some things you can do if you are a victim of identity theft:
 - Go to [identitytheft.gov](https://www.identitytheft.gov), fill out a report with the Federal Trade Commission (FTC), and get a recovery plan.
 - Request a free copy of your annual credit report.
 - Place a fraud alert or freeze on your credit.
 - Change your passwords.
 - Install protective software.
 - Contact the Social Security Administration and your health insurance to verify activity.
6. The two red flags that you are likely getting scammed are if someone is urgently requesting that you give them money and if they are asking you to give them personally identifiable information, such as your social security number or bank account information.

SHARE YOUR WORK

When you have completed this lesson, share the following with your teacher for feedback:

- Apply Your Learning assignments
- Entry 1 for your semester project

If you have any questions about the lesson content, assignments, or submission methods, contact your teacher.