

Key Topics for the w!se Financial Literacy Certification Test

- ✓ **Money**
 - Sources of income
 - What is an exemption and how does it work
 - Liquidity—what does it mean; what products are liquid
 - Gift cards and how they work

- ✓ **Banks**
 - Institutions that give loans --banks, credit unions, pawnshops, finance companies, payday lenders, tax preparers (give tax refund loans)
 - Which institution(s) charge the highest interest rates on loans (pawnshops, payday lenders, tax preparers, finance companies)
 - What is a credit union and what is the advantage of using a credit union
 - Compound Interest
 - Time value of money
 - Rule of 72
 - Reconciling a checking account-- why and when

- ✓ **Credit**
 - Credit card cash advances
 - Truth in Lending Act
 - Consequence of paying the minimum payment due on a credit card bill or making the payment after the due date
 - How does the degree of risk influence the interest rate charged for credit
 - Credit Reports

- ✓ **Insurance**
 - How insurance works—concept of sharing risk
 - How an insurance deductible works
 - Collision coverage/when do consumers normally terminate this coverage
 - Term and whole life insurance
 - Health--- HMO insurance and co-pay
 - Renters Insurance
 - Disability Insurance

- ✓ **Investing**
 - Securities/equities (capital gains or loss; dividends; historical performance of stocks or the advantages of owning securities; primary vs. secondary markets)
 - What is a bull market (remember u in bull ---market goes UP) vs. a bear market
 - Bonds –purpose; how they work; interest feature; tax free feature
 - Mutual Funds what are they, how they work and who manages
 - Investment portfolio
 - Diversification

- ✓ **Financial Planning**
 - Determine Net Worth and definition and examples of assets, liabilities and net worth
 - Pensions and 401k plans
 - Housing
 - Inflation, deflation, depression

- ✓ **Regulatory Agencies**
 - SEC; Federal Reserve System (Fed); FDIC