

## Assessment Specifications

The assessment specifications provided in this section of the bulletin are intended to provide test candidates with a comprehensive overview of the domains and competencies that are covered on the assessment.

### Format

The assessment is an objective test composed of four-option multiple-choice items (questions), each of which has only one (1) correct response. The exam contains 150 items. Of the 150 items, 120 are scored as a basis for determining candidate performance, and 30 items are included for beta testing but not scored. The specific content being assessed by the items on each assessment follows the test specifications outlined in the next section of this bulletin.

In addition to each item being associated with a domain and competency, the items are also designed to assess appropriate cognitive levels necessary for competent practice. Specifically, some items assess at the lower level, some at the middle levels, and some at higher order levels. The items included on each test proportionally represent three cognitive difficulty levels:

- Level 1- 40%;
- Level 2 – 30%; and
- Level 3 – 30%.

Original Bloom's Taxonomy	Revised Bloom's Taxonomy	Cognitive Complexity Level
<b><u>Knowledge</u></b> Defines, describes, identifies, labels, lists, matches, names, reads, records, selects, states, views	<b><u>Remember</u></b> Recognize, retrieve, identify, recall	1
<b><u>Comprehension</u></b> Classifies, describes, discusses, lists, matches, names, reads, records, selects, states, views	<b><u>Understand</u></b> Interpret, clarify, translate, illustrate, categorize, classify, conclude, predict, summarize, infer, compare, explain	
<b><u>Application</u></b> Assesses, determines, develops, discovers, establishes, informs, predicts, projects, provides, relates, shows, uses	<b><u>Apply</u></b> Execute, carry out, use, implement	2
<b><u>Analysis</u></b> Breaks down, correlates, differentiates, illustrates, infers, points out, recognizes	<b><u>Analyze</u></b> Differentiate, select, focus, organize, outline, attribute, determine point of view	
<b><u>Synthesis</u></b> Communicates, compares, contrasts, creates, designs, expresses, formulates, plans, reorganizes, reinforces, substitutes	<b><u>Evaluate</u></b> Check, coordinate, detect, monitor, test, critique, judge	3
<b><u>Evaluation</u></b> Appraises, compares & contrasts, concludes, criticizes, decides, defends, interprets, judges, justifies, supports	<b><u>Create</u></b> Generating, hypothesizing, planning, designing, producing, constructing	

## Scoring

The computer based testing platform used for AAFCS exams provides immediate score results following the candidate's completion and submission of exam responses. The overall cut score is 240 out of a possible 300. For unsuccessful candidates, both the overall score and percentage scores for each domain area will be reported as a diagnostic basis for preparation to retest.

## Domains and Competencies

<b>Personal and Family Finance Educator Assessment Items by Domains, Competencies, and Complexity Levels</b>		# of Items (of 120 total)	Weight (%)	Level 1 (40%)	Level 2 (30%)	Level 3 (30%)
<b>Total Scored Items on Final Test Form</b>		<b>120</b>	<b>100%</b>	<b>48</b>	<b>36</b>	<b>36</b>
<b>1</b>	<b>Financial Responsibility and Decision-Making</b>	<b>16</b>	<b>13%</b>	<b>7</b>	<b>4</b>	<b>5</b>
1a	Consider how needs, wants, and values influence personal and family financial decisions and circumstances					
1b	Explain the elements of SMART goals					
1c	Evaluate financial information from a variety of sources					
1d	Summarize major consumer protection laws					
1e	Make financial decisions by systematically considering opportunity costs, alternatives, and the economy					
1f	Develop communication strategies for addressing individual and family financial issues including needs, wants, and values					
1g	Control personal information to reduce the risk of identity theft					
<b>2</b>	<b>Income and Careers</b>	<b>15</b>	<b>13%</b>	<b>6</b>	<b>5</b>	<b>4</b>
2a	Analyze the relationship between work and career choices and standard of living					
2b	Identify the relationship of work and career goals as they relate to personal and family financial goals					
2c	Analyze the effect of education and skills on employment					
2d	Understand how to access financial resources to facilitate educational goals throughout the life span					
2e	Analyze how employment choices, economic conditions, and the tax system affect income					
2f	Identify sources of personal income					
2g	Describe factors affecting take-home pay such as potential benefits, taxes, and other payroll deductions					

<b>Personal and Family Finance Educator Assessment Items by Domains, Competencies, and Complexity Levels</b>		# of Items (of 120 total)	Weight (%)	Level 1 (40%)	Level 2 (30%)	Level 3 (30%)
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<b>3</b>	<b>Planning and Money Management</b>	<b>16</b>	<b>13%</b>	<b>7</b>	<b>4</b>	<b>5</b>
3a	Develop a plan for spending and saving based upon personal and family goals and values					
3b	Develop a system for keeping and using financial records and legal documents					
3c	Describe ways to use different payment types, including banking services					
3d	Apply consumer skills to purchasing decisions					
3e	Use appropriate mathematical concepts needed to analyze financial decisions					
3f	Assess the characteristics of online resources for financial planning and money management					
3g	Develop a personal or family financial plan					
3h	Assess estate and long-term financial planning options					
<b>4</b>	<b>Credit and Debt</b>	<b>16</b>	<b>13%</b>	<b>6</b>	<b>5</b>	<b>5</b>
4a	Identify personal and family goals related to credit and debt					
4b	Outline responsibilities as related to obtaining and managing personal and family credit					
4c	Identify the cost and benefits of various types of credit					
4d	Compare the availability, costs, and benefits of types of loans used to finance a car, education expenses, and housing					
4e	Explain the components and uses of a credit record					
4f	Describe ways to avoid or correct debt problems					
4g	Summarize major consumer credit laws, including borrower's credit report rights					

<b>Personal and Family Finance Educator Assessment Items by Domains, Competencies, and Complexity Levels</b>		# of Items (of 120 total)	Weight (%)	Level 1 (40%)	Level 2 (30%)	Level 3 (30%)
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<b>5</b>	<b>Risk Management and Insurance</b>	<b>15</b>	<b>13%</b>	<b>6</b>	<b>5</b>	<b>4</b>
5a	Identify common types of risk and basic risk management methods					
5b	Explain the purpose and importance of property and liability protection as part of individual and family financial planning					
5c	Explain the purpose and importance of health, disability, and life insurance protection as part of individual and family financial planning					
5d	Explain the correlation between risk, premium, coverage, and deductibles					
<b>6</b>	<b>Saving and Investing</b>	<b>16</b>	<b>13%</b>	<b>6</b>	<b>5</b>	<b>5</b>
6a	Differentiate between saving and investment options for meeting various personal and family goals					
6b	Discuss how saving and investing contribute to financial well-being and goal achievement					
6c	Critique alternatives for researching, purchasing, and managing saving and investment products					
6d	Explain how interest rates, taxes, and fees affect the return on savings and investments					
6e	Understand how agencies that regulate financial markets protect consumers					
6f	Apply the Rule of 72 to solve financial problems					
6g	Describe characteristics of commonly used investment products (e.g., stocks and mutual funds)					
<b>7</b>	<b>Teaching Pedagogy</b>	<b>26</b>	<b>22%</b>	<b>10</b>	<b>8</b>	<b>8</b>
7a	Determine teaching strategies appropriate for content and learners					
7b	Integrate financial literacy concepts across content areas					
7c	Assess students' comprehension of financial literacy outcomes					

## **Assessment Concept List**

- 1) Financial Responsibility and Decision-Making
  - a) Consider how needs, wants, and values influence personal and family financial decisions and circumstances.
    - i) Financial Goal-setting
      - (1) Setting goals
      - (2) Short-term goals
      - (3) Long-term goals
      - (4) Intermediate goals
    - ii) Personal values
      - (1) Influences of values
      - (2) Effects of values
  - b) Explain the elements of SMART goals
    - i) Definition of SMART goals
    - ii) Aspects of SMART goals
    - iii) Development of SMART goals
    - iv) Using SMART goals in planning
  - c) Evaluate financial information from a variety of sources
    - i) Stock market organizations
    - ii) Decentralized electronic trading system
    - iii) Reliable sources of financial information
    - iv) Sources of investment assistance
  - d) Summarize major consumer protection laws
    - i) Importance of product warning labels
    - ii) Federal agencies in charge of consumer protection
      - (1) Identify federal agencies
      - (2) Identify federal agency responsibilities
  - e) Make financial decisions by systematically considering opportunity costs, alternatives, and the economy
    - i) Decision-making process
    - ii) Opportunity costs
    - iii) Conspicuous consumption
    - iv) Impulse purchasing
  - f) Develop communication strategies for addressing individual and family financial issues including needs, wants and values
    - i) Methods of financial communication among family members
    - ii) Types of communication skills
  - g) Control personal information to reduce the risk of identity theft
    - i) Recognize identify theft
    - ii) Avoid identify theft
    - iii) Online shopping safety
- 2) Income and Careers
  - a) Analyze the relationship between work and career choices and standard of living
    - i) Human capital
    - ii) Importance of college education
    - iii) Standard of living
    - iv) Lifetime earnings potential
    - v) Professional fulfillment
  - b) Identify the relationship of work and career goals as they relate to personal and family financial goals
    - i) Job versus career

- ii) Opportunity cost of employment
- c) Analyze the effect of education and skills on employment
  - i) Opportunity cost of earning a college education
  - ii) Human capital
  - iii) Methods of increasing income
- d) Understand how to access financial resources to facilitate educational goals throughout the life span
  - i) Types of investments
    - (1) Mutual funds
    - (2) U. S. Savings Bonds
    - (3) Stocks
    - (4) Money Market funds
    - (5) 401(k)
    - (6) 403(b)
    - (7) 529
    - (8) 736
  - ii) Developing a spending plan
- e) Analyze how employment choices, economic conditions, and the tax system affect income
  - i) Business cycle phases
  - ii) Income tax refunds
- f) Identify sources of personal income
  - i) Earned Income Tax credit
  - ii) Earned income
- g) Describe factors affecting take-home pay such as potential benefits, taxes, and other payroll deductions
  - i) Take home pay
  - ii) Garnishment
  - iii) Deductions
  - iv) Back pay
  - v) Tax-exempt
  - vi) Tax liability
  - vii) Tip reporting
- 3) Planning and Money Management
  - a) Develop a plan for spending and saving based on personal and family goals and values
    - i) Decision-making process
    - ii) Financial planning process model
    - iii) Wills
    - iv) Trusts
  - b) Develop a system for keeping and using financial records and legal documents
    - i) Record keeping
      - (1) Income tax records
      - (2) Credit card statements
      - (3) Automobile repair records
      - (4) Medical insurance claims
      - (5) Storing files safely
        - (a) Fire
        - (b) Emergency plans
  - c) Describe ways to use different payment types, including banking services
    - i) Methods of determining interest
    - ii) Payroll options
      - (1) Direct deposit

- (2) Standard paycheck
  - (3) Payroll card
  - d) Apply consumer skills to purchasing decisions
    - i) Types of bank accounts
    - ii) Purchasing a new car versus purchasing a pre-owned car
      - (1) Advantages and disadvantages
      - (2) Extended warranty
    - iii) Renting versus purchasing a home
    - iv) Advantages and disadvantages of payment methods
      - (1) Credit
      - (2) Debit
    - v) Extended warranties
  - e) Use appropriate mathematical concepts needed to analyze financial decisions
    - i) Series EE savings bond
    - ii) Rule of 72
    - iii) Closing costs for homes
    - iv) Determining net worth
  - f) Assess the characteristics of online resources for financial planning and money management
    - i) Online bill pay
    - ii) Electronic Communications Policy Act of 1986
    - iii) Freedom of Information Act
    - iv) Privacy Act of 1974
    - v) Cable Communication Policy act of 1984
  - g) Develop a personal or family financial plan
    - i) Emergency cash funds
    - ii) Financial planning
    - iii) Assess estate and long-term financial planning options
    - iv) Retirement plans
      - (1) 401(k)
      - (2) Keogh plan
      - (3) Roth IRA
      - (4) Traditional IRA
    - v) Wills
      - (1) Testate
      - (2) Intestate
      - (3) Joint tenants
      - (4) Right to survivorship
- 4) Credit and Debt
- a) Identify personal and family goals related to credit and debt
    - i) Reasons for credit problems
    - ii) Family life cycle and family financial planning
    - iii) Credit card debt issues
  - b) Outline responsibilities as related to obtaining and managing personal and family credit
    - i) Credit responsibilities
    - ii) APR
    - iii) Credit card offers
    - iv) Balance transfers
    - v) Spending limit
  - c) Identify the cost and benefits of using a credit card

- i) Debt payments-to-income ratio
- ii) Cost of borrowing money
- iii) FICO score
- d) Compare the availability, costs, and benefits of types of loans used to finance a car, education expenses, and housing
  - i) Types of auto loans
  - ii) Principal
  - iii) Interest
  - iv) Calculating interest rates
  - v) Ways to speed equity of growth for homeowner
  - vi) Mortgages
- e) Explain the components and uses of a credit record
  - i) Payment history
  - ii) Credit bureau
  - iii) Credit rating
  - iv) Credit history
  - v) Credit report
- f) Describe ways to avoid or correct debt problems
  - i) Consumer Credit Counseling Service (CCCS)
  - ii) Information contained in credit reports
    - (1) Longevity of information
- g) Summarize major consumer credit laws, including borrower's credit report rights
  - i) Financial liability for unauthorized use of credit card
  - ii) Methods of obtaining free copy of credit report
  - iii) Fair Credit Reporting Act (FCRA)
- 5) Risk Management and Insurance
  - a) Identify common types of risk and basic risk management methods
    - i) What is insurance?
    - ii) Recommended percentage for home/content insurance
    - iii) Determining best insurance option to fit your financial situation
    - iv) Term life insurance
    - v) What to do if denied insurance coverage?
    - vi) Deductibles
    - vii) Floater
    - viii) Premium
    - ix) Monthly payment
  - b) Explain the purpose and importance of property and liability protection as part of individual and family financial planning
    - i) Insurance coverage
      - (1) What does this mean? (100/300/50)
    - ii) Variables which determine insurance rates
    - iii) Homeowners insurance
      - (1) Comprehensive home insurance coverage
      - (2) Liability home insurance coverage
      - (3) Riders
    - iv) Auto insurance
      - (1) liability insurance
      - (2) Collision insurance
      - (3) Comprehensive physical damage insurance



- v) Payout
  - (1) Actual cash value
  - (2) Depreciated value
  - (3) Appraised value
  - (4) Full replacement cost
- c) Explain the purpose and importance of health, disability, and life insurance protection as part of individual and family financial planning
  - i) Health insurance
    - (1) Co-payment
    - (2) Deductible
    - (3) Cap
  - ii) Workers' compensation
  - iii) Unemployment insurance
  - iv) Disability insurance
  - v) Renters insurance
- d) Explain the correlation between risk, premium, coverage, and deductibles
- 6) Saving and Investing
  - a) Differentiate between saving and investment options for meeting various personal and family goals
    - i) Reasons for investing
    - ii) Safety of principal
    - iii) Stocks
    - iv) Collectibles
    - v) Certificates of deposit
    - vi) Bonds
    - vii) Money market fund
    - viii) Mutual funds
    - ix) Sector fund
    - x) Small cap fund
    - xi) Global fund
  - b) Discuss how saving and investing contribute to financial well-being and goal achievement
    - i) Creating wealth
    - ii) How to save regularly
    - iii) Financial planning
    - iv) Financial goals
  - c) Critique alternatives for researching, purchasing, and managing saving and investment products
    - i) Financial advisors
    - ii) Liquid investments
    - iii) Reliable investment information
  - d) Explain how interest rates, taxes, and fees affect the return on savings and investments
    - i) Bond rates
    - ii) Investing risks
    - iii) Investment vehicles
      - (1) Roth IRA
      - (2) Traditional IRA
      - (3) Blue-chip stocks
      - (4) Corporate bonds
    - iv) Fees
  - e) Understand how agencies that regulate financial markets protect consumers
    - i) Government entities charged with protecting investors

- f) Apply the Rule of 72 to solve financial problems
    - i) Determining rate of return
    - ii) Types of computation to calculate desired amount of future funds
  - g) Describe characteristics of commonly used investment products (e.g. stocks and mutual funds)
    - i) Stocks
    - ii) Corporate bonds
    - iii) Money market funds
    - iv) 401(k)
    - v) Liquidity
    - vi) Diversification
    - vii) Dollar-cost averaging
- 7) Teaching Pedagogy
- a) Determine teaching strategies appropriate for content and learners
    - i) Differentiated financial literacy instruction
    - ii) Types of learners
    - iii) Gender differences in financial behavior
    - iv) Make-up of learning objectives
    - v) Critical thinking
    - vi) Criteria for evaluating an online resource
    - vii) Teaching strategies
    - viii) Attention Deficit Disorder (ADD)
    - ix) Andragogy
    - x) Online instructional resources for teaching personal finance education
    - xi) Educational games
    - xii) Opportunity costs
    - xiii) Designing financial educational programs for low-income individuals and families
    - xiv) Affective objectives used in teaching
  - b) Integrate financial literacy concepts across content areas
    - i) Personal finance activities used to effectively illustrate economics
    - ii) Useful sources of information to develop curriculum plans to integrate financial literacy concepts into various disciplines
    - iii) Competency
    - iv) Domain
    - v) Objective
    - vi) Accountability
    - vii) Taxonomies of educational objectives
  - c) Assess students' comprehension of financial literacy outcomes
    - i) Advantages of using rubrics
    - ii) Methods of evaluating learning
    - iii) Constructing exams/assessments
    - iv) Reliability
    - v) Learner achievement
    - vi) Validity