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%.

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

<table>
<thead>
<tr>
<th>Personal and Family Finance Educator Assessment</th>
<th># of Items (of 120 total)</th>
<th>Weight (%)</th>
<th>Level 1 (40%)</th>
<th>Level 2 (30%)</th>
<th>Level 3 (30%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Items by Domains, Competencies, and Complexity Levels</strong></td>
<td>Total Scored Items on Final Test Form</td>
<td>120</td>
<td>100%</td>
<td>48</td>
<td>36</td>
</tr>
<tr>
<td><strong>1 Financial Responsibility and Decision-Making</strong></td>
<td>16</td>
<td>13%</td>
<td>7</td>
<td>4</td>
<td>5</td>
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<tr>
<td>1a Consider how needs, wants, and values influence personal and family financial decisions and circumstances</td>
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<td>1b Explain the elements of SMART goals</td>
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<td>1c Evaluate financial information from a variety of sources</td>
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<tr>
<td>1d Summarize major consumer protection laws</td>
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<td>1e Make financial decisions by systematically considering opportunity costs, alternatives, and the economy</td>
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<td>1f Develop communication strategies for addressing individual and family financial issues including needs, wants, and values</td>
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<tr>
<td>1g Control personal information to reduce the risk of identity theft</td>
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<tr>
<td><strong>2 Income and Careers</strong></td>
<td>15</td>
<td>13%</td>
<td>6</td>
<td>5</td>
<td>4</td>
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<tr>
<td>2a Analyze the relationship between work and career choices and standard of living</td>
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<tr>
<td>2b Identify the relationship of work and career goals as they relate to personal and family financial goals</td>
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<td>2c Analyze the effect of education and skills on employment</td>
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<tr>
<td>2d Understand how to access financial resources to facilitate educational goals throughout the life span</td>
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<td>2e Analyze how employment choices, economic conditions, and the tax system affect income</td>
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<td>2f Identify sources of personal income</td>
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<td>2g Describe factors affecting take-home pay such as potential benefits, taxes, and other payroll deductions</td>
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<tr>
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<tr>
<td></td>
<td>3 Planning and Money Management</td>
<td>16</td>
<td>13%</td>
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<tr>
<td>3a</td>
<td>Develop a plan for spending and saving based upon personal and family goals and values</td>
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<tr>
<td>3b</td>
<td>Develop a system for keeping and using financial records and legal documents</td>
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<td>3c</td>
<td>Describe ways to use different payment types, including banking services</td>
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<tr>
<td>3d</td>
<td>Apply consumer skills to purchasing decisions</td>
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<tr>
<td>3e</td>
<td>Use appropriate mathematical concepts needed to analyze financial decisions</td>
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<td>3f</td>
<td>Assess the characteristics of online resources for financial planning and money management</td>
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<td>3g</td>
<td>Develop a personal or family financial plan</td>
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<td>3h</td>
<td>Assess estate and long-term financial planning options</td>
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<tr>
<td>4 Credit and Debt</td>
<td>16</td>
<td>13%</td>
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<tr>
<td>4a</td>
<td>Identify personal and family goals related to credit and debt</td>
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<tr>
<td>4b</td>
<td>Outline responsibilities as related to obtaining and managing personal and family credit</td>
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<tr>
<td>4c</td>
<td>Identify the cost and benefits of various types of credit</td>
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<tr>
<td>4d</td>
<td>Compare the availability, costs, and benefits of types of loans used to finance a car, education expenses, and housing</td>
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<td>4e</td>
<td>Explain the components and uses of a credit record</td>
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<td>4f</td>
<td>Describe ways to avoid or correct debt problems</td>
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<td>4g</td>
<td>Summarize major consumer credit laws, including borrower’s credit report rights</td>
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<td>48</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td><strong>5 Risk Management and Insurance</strong></td>
<td>15</td>
<td>13%</td>
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<tr>
<td>5a Identify common types of risk and basic risk management methods</td>
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<td>5b Explain the purpose and importance of property and liability protection as part of individual and family financial planning</td>
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<td>5c Explain the purpose and importance of health, disability, and life insurance protection as part of individual and family financial planning</td>
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<td>5d Explain the correlation between risk, premium, coverage, and deductibles</td>
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<tr>
<td><strong>6 Saving and Investing</strong></td>
<td>16</td>
<td>13%</td>
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<td>5</td>
<td>5</td>
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<tr>
<td>6a Differentiate between saving and investment options for meeting various personal and family goals</td>
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<tr>
<td>6b Discuss how saving and investing contribute to financial well-being and goal achievement</td>
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<tr>
<td>6c Critique alternatives for researching, purchasing, and managing saving and investment products</td>
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<tr>
<td>6d Explain how interest rates, taxes, and fees affect the return on savings and investments</td>
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<tr>
<td>6e Understand how agencies that regulate financial markets protect consumers</td>
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<tr>
<td>6f Apply the Rule of 72 to solve financial problems</td>
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<tr>
<td>6g Describe characteristics of commonly used investment products (e.g., stocks and mutual funds)</td>
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<tr>
<td><strong>7 Teaching Pedagogy</strong></td>
<td>26</td>
<td>22%</td>
<td>10</td>
<td>8</td>
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<tr>
<td>7a Determine teaching strategies appropriate for content and learners</td>
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<tr>
<td>7b Integrate financial literacy concepts across content areas</td>
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<tr>
<td>7c Assess students’ comprehension of financial literacy outcomes</td>
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</tbody>
</table>
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
h) 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