VERMONT TREASURY CUP CHALLENGE 2018

Prep Toolkit for Coaches and Students

For more information

visit http://www.vermonttreasurer.gov/content/financial-literacy/treasury-cup

call 802-828-3706 or email Tre.FinancialLiteracy@Vermont.Gov

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Tournament Overview

What is the Treasury Cup Challenge?

The Vermont Treasury Cup Challenge is an annual competition, hosted by Vermont State Treasurer Beth Pearce, where high school teams test their knowledge of personal finance, economics, and consumer affairs topics. The 2018 Treasury Cup will be held on Friday, March 9 at the Pavilion Building in Montpelier, Vermont (109 State Street).

How Does it Work?

High school teams are comprised of four students in grades 9-12. Teams also are permitted to have as many as two alternates. The tournament follows a bracketed, double-elimination format. At the start of the competition, the initial head-to-head matchup between schools are assigned through random drawing. Once a team loses, that team drops to the losers bracket. The very first time a team competes, students will participate in a round robin format where each student is challenged on their personal knowledge. After the first match, and first consolation match of the tournament, match questions switch to team questions. There is a lightning round in each match whereby any student may buzz in to give the correct answer. Additional details and examples follow in this toolkit.

What is on the line?

In addition to competing to win the coveted Treasury Cup trophy, a number of prizes are awarded throughout the day:

- **1ST PLACE:** Students on the winning team each receive a $500 college savings account
- **3RD PLACE:** Students on the third place team each receive a trophy
- **2ND PLACE:** Students on the second place team each receive a $250 college savings account
- **PLUS MANY OTHER PRIZES, LIKE AN IPAD AND GIFT CARDS!**

We estimate the competition will conclude between 3:30-4:30 PM. We will do the drawing for the iPad after the Championship match. Students already winning college savings accounts as members of the first or second place teams are not eligible for the iPad drawing. Students who have had their names drawn previously for a prize are eligible for the final drawing. Students must be present to win.

Tournament Gameplay

Gameplay Details

The tentative schedule for this year's Vermont Treasury Cup Challenge is explained in this document. The competition is based on the exact number of registered teams, which could change before March 9. The competition will be held in the Pavilion Auditorium and the Snelling Room located at 109 State Street in Montpelier, Vermont. All of the matches will be head-to-head competitions and each team competes at least twice. The questions are multiple choice. The lightning round ends every match, this is a fast-paced round that puts all questions up for grabs. Each correct answer is worth 10 points and each incorrect answer deducts 10 points from a team's score. The lightning round results can significantly impact the outcome of the competitions.

Format for Matches

Matches 1-6 and the Championship are organized as follows:

- Round 1: Personal Finance, each team gets four questions asked in a round robin format (each individual student will be directly asked a question) correct answers – 5 points each
- Round 2: Economics, each team gets four questions in a round robin format; correct answers – 5 points each
- Round 3: Lightning Round, seven questions on personal finance and economics, teams compete directly against each other in a timed event, correct answers – 10 points, incorrect answers deduct 10 points

Matches 7-17 and a second Championship match if needed are organized as follows:

- Round 1: Personal Finance, each team gets four questions to answer as a team – 5 points each
- Round 2: Economics, each team gets four questions to answer as a team – 5 points each
- Round 3: Lightning Round, seven questions on personal finance and economics, teams compete directly against each other in a timed event, correct answers – 10 points each, incorrect answers deduct 10 points.

Throughout the Challenge, students have the opportunity to win prizes through random drawings. We encourage teams to pay attention and be engaged throughout the entire competition, even when they are not actively competing.

Important Tournament Notes

Brackets

The tournament follows a bracketed, double-elimination format. The very first time a team competes, students will go through the round robin format where each student is challenged on their personal knowledge. After the first match, and the first consolation bracket competitions, match questions switch to team questions followed by the lightning rounds.

The Championship match will remain in the individual round-robin format as we have done in the past. However, since this is a double-elimination tournament, should a second Championship match be required to determine the winner, that match will switch to team questions followed by the lightning round. The third place winner will be the loser of Match 17.

Contest Rules

Lightning Round: In each lightning round, a student's answer is only determined to be correct if they supply BOTH the correct letter of the answer choice and the answer itself. PLEASE make that clear to your students while training. It is unfortunate when a student answers the question correctly, but does not supply the correct letter. Without this requirement, a student who has mastery over all the material can monopolize the lightning round by buzzing in for each question and answering it. That means a team with just one "expert" student could likely win every match just by winning the seven questions in the lightning round. This is not in the spirit of the competition that we are fostering in the Challenge. By requiring both the letter choice of the answer and the answer (i.e. B.20%) all of the students competing have at least some opportunity to compete in the lightning round. We choose a multiple choice format for the questions because it fosters recall and allows for more teachable moments from the competition itself.

Student Substitutions: Teams are permitted to have as many as two alternates. Alternates may enter a match only once, either between the personal finance and economics rounds or before the lightning round begins. Once a student leaves a competition he/she may not reenter that specific match.

Answers Shouted Out by Non-Competitors: Should a student spectator shout out an answer, it will be up to the question-master/judge to decide whether to (1) throw out that question; (2) penalize the team of the student who shouted out the answer ; or (3) remove the student from the competition room.

Tentative Tournament Schedule

AUD – Pavilion Building Auditorium
SR – Snelling Room

9:00 AM	**Check-in Pavilion Auditorium**
9:15 AM	**Introductory Remarks from Treasurer Pearce, Starting Game Brackets Drawn** *Teams Compete in two separate rooms simultaneously*
9:30 AM	**Preliminary Competition (Match 1 SR & Match 2 AUD)**
10:00 AM	**Preliminary Competition (Match 3 SR & Match 4 AUD)**
10:30 AM	**Preliminary Competition (Match 5 SR & Match 6 AUD)**
11:00 AM	**Lunch - State House Cafeteria**
12:00 PM	**Match 7 (SR) & Match 8 (AUD)**
12:30 PM	**Match 9 (SR) & Match 11 (AUD)**
1:00 PM	**Match 10 (SR) & Match 12 (AUD)**
1:30 PM	**Match 13 (SR) & Match 14 (AUD)**
2:00 PM	**Match 15 (AUD) & Match 16 (SR)**
2:30 PM	**Match 17 (AUD)**
3:00 PM	**Match 18 (AUD) – CHAMPIONSHIP** (a second championship match will be held immediately if the team advancing from the consolation brackets beats the undefeated team from the winner's bracket)
3:30 PM	**Awards Ceremony and iPad Drawing** *Do not plan on the tournament ending before 4:30 PM. If a second championship is required, the tournament may go beyond the 3:30PM end time

PLEASE NOTE: This tentative schedule contemplates 10 participating teams. The schedule may change, depending on final number of participants.

VERMONT TREASURY CUP CHALLENGE 2018

Training and Preparation Resources

Note: These resources were adapted from the National Council for Economic Education's "Teacher and Coach Toolkit"

VISIT THE FEDERAL RESERVE BANK EDUCATION WEBSITES, SUCH AS THE ST. LOUIS FED'S

- 'EconLowDown' for Economic and Personal Education Resources: Educators and students will find a variety of interactives from Podcasts, glossary flash cards, to instructional videos. Teachers can also provide students with online questions following these videos. Register your class through the Instructor Management Panel. http://bit.ly/1asCNwz

- Page One Economics Newsletter, Classroom Edition: Each newsletter provides a simple, short overview of a current economic event, and the classroom edition includes student questions and a teacher answer key—plus additional resources and lesson ideas for classroom, extra credit and make-up assignments. Go to the Page One Economics web site. http://bit.ly/1dgw3SA

SELECT A TEXTBOOK TO USE FOR BASIC INFORMATION. COACHES RECOMMEND:

- Council for Economic Education's *Advanced Placement Economics : Microeconomics* (3rd edition by John Morton and 4th edition by Gary Stone)
- Council for Economic Education's *Advanced Placement Economics : Macroeconomics* (3rd edition by John Morton and 4th edition by Margaret Ray)
- *Foundations of Macroeconomics* by Bade and Parkin (Pearson)
- *Principles of Economics* by Roy Ruffin (Addision Wesley series)
- *Economics*, by McConnell, Brue, and Flynn (McGraw-Hill)
- *Principles of Economics* from OpenStax CNX (available for free at http://bit.ly/2E4wzWB)

INTERPRET ECONOMIC DATA

Help students understand inflation, Real GDP, etc:
http://bit.ly/1aDRBnE

TAKE SAMPLE TESTS AND REVIEW THE ANSWERS AS A GROUP

- Tests from previous NEC:
http://bit.ly/18m26zk
- Tests for Economic Literacy:
http://bit.ly/1hAUuOz

OPEN A MYECONEDLINK ACCOUNT AT WWW.ECONEDLINK.ORG

- To save lesson plans and read selected articles on current events.
- To use the Custom Quiz Builder
- To find lessons focused on economic indicators (teacher and student version)
- To use interactive tools such as PBS's Making Sen$e with Paul Solman
http://bit.ly/1gb0oph

PLAY GAMES

- Gen i Revolution: www.genirevolution.org
- The Stock Market Game: www.smgww.org

DISCUSS ARTICLES

Discuss articles from The New York Times, The Wall Street Journal and The Economist. Students can "specialize" in different areas for current events. One student might read articles on the banking industry while another might look for information about taxes.

FRED (FEDERAL RESERVE ECONOMIC DATA)

FRED is an online database consisting of more than 154,000 economic data time series from 59 national, international, public, and private sources. http://bit.ly/1dgvPLn

Training and Preparation Resources (cont'd.)

** These resources were adapted from the National Council for Economic Education's "Teacher and Coach Toolkit"*

MYECONEDLINK

Consider creating a myEconEdLink account at http://www.econedlink.org/profile/sign-up.php.

This is a free account to EconEdLink's customized user experience. Within myEconEdLink you will find a Customized Quiz Builder. You will be able to select the concept and number of questions you will want on your quiz. You will then be able to identify the questions that you will want your students to answer. You then create a quiz with a unique ID that will connect the students response to your myEconEdLink. A GREAT way to check the understanding of your students.*

MAKING SEN$E WITH PAUL SOLMAN

On EconEdLink you will find over 150 videos from PBS: Making Sen$e with Paul Solman. Every video presented on EconEdLink has question you can ask your students OR have your students answer online. The link to the list of videos is http://bit.ly/1gb0oph.

Paul Solman has been business, economics and occasional art correspondent for The NewsHour with Jim Lehrer since 1985:
http://www.pbs.org/newshour/.

As a part of The NewsHour, Paul does a 7–10 minute video segment called, Making Sen$e:
http://to.pbs.org/1aapsv6.

These Making Sen$e video segments cover current topics in economics and personal finance and are a great way to bring real-world examples in to your classroom.*

NEXT GEN PERSONAL FINANCE

Next Gen Personal Finance has lessons on a variety of topics, as well as robust curriculum guides for teachers or students.

Video Library:

https://www.ngpf.org/video-library/

Lesson Plans:

https://www.ngpf.org/curriculum/

QUIZLET FINANCIAL LITERACY TERMS

Learn the vocabulary of personal finance by creating flashcards and testing your knowledge.

Flash Cards:

https://quizlet.com/5305835/flashcards

Test:

https://quizlet.com/5305835/test–

TREASURY CUP PRACTICE TEST

Access a practice round of the Vermont Treasury Cup Challenge by visiting the test at the Office of the Vermont State Treasurer's website. Make sure to also review the vocabulary contained on pages 9 – 19 of this guide.

http://www.vermonttreasurer.gov/content/financial-literacy/treasury-cup

Personal Finance Vocabulary

Terms in this section were adapted from Oklahoma State Department of Education's "Personal Financial Literacy Glossary."

Note: While Personal Finance and Economics are not equally weighted in this study guide, they are in the Treasury Cup. These definitions are not all inclusive of the subject matter covered in the treasury cup, and we recommend using them as a starting point for study.

Adjustable Rate Mortgage - a mortgage loan subject to changes in interest rates; when rates change, monthly payments increase or decrease at intervals determined by the lender and a prescribed index and set margin; the monthly payment increases usually have a per adjustment and a lifetime cap.

Alternative or private loans (nonfederal) - loans that can be used to cover the gap between the cost of postsecondary education and the amount of financial aid received in the form of grants, scholarships, and federal student loans. Since alternative or private loans can have higher interest rates and fewer flexible repayment programs, they should only be considered after all federal loan options are exhausted.

Amortization - the process by which loan payments are applied to the principal, or amount borrowed, as well as the interest on a loan according to a set schedule.

Annual Percentage Rate (APR) - the percentage cost of credit on an annual basis, which must be disclosed by law. Example 1: A $100 loan repaid in its entirety after one year with a $10 finance charge ($9 interest plus a $1 service fee) has an APR of 10%.

Appreciation - a rise in value or price.

Asset - something of monetary value owned by an individual or an organization.

Bankruptcy - a state of being legally released from the obligation to repay some or all debt in exchange for the forced loss of certain assets. A court's determination of personal bankruptcy remains in a consumer's credit record for 10 years.

Bond - a certificate representing the purchaser's agreement to lend a business or government money on the promise that the debt will be paid—with interest—at a specific time.

Capital - money or other assets owned by individuals or used in operating a business.

Capital gain - income that results when the selling price of an asset is greater than the original purchase price.

Capital loss - monetary loss that occurs when the selling price of an asset is less than the original amount invested.

Cash Flow - a measure of the money a person receives and spends.

Cash flow statement - a summary of receipts and payments for a given period, helpful when preparing a budget; also known as an income and expense statement.

Closed-end credit - a specific-purpose loan requiring repayment with interest and any other finance charges by a specific date. Examples include most mortgages or auto loans.

Collateral - property that a borrower promises to give up to a lender in case of default.

Comparative advantage - Comparative advantage is an economic law referring to the ability of any given economic actor to produce goods and services at a lower opportunity cost than other economic actors.

Compound Interest - interest earned not only on the principal but also on the interest already earned.

Consumer - a buyer or user of goods and services for personal use

Contractionary policy – refers to either a reduction in government spending, particularly deficit spending, or a reduction in the rate of monetary expansion by a central bank. A type of policy or economic tool designed to combat rising inflation or other economic distortions created by central bank or government interventions.

Cost/benefit analysis, risk/reward relationship - a tool used to choose among alternatives involves weighing the cost of a product or service against the benefit it will provide.

Credit - an agreement to provide goods, services, or money in exchange for future payments with interest by a specific date or according to a specific schedule. The use of someone else's money for a fee.

Credit bureau - an establishment that collects and distributes credit-history information of individuals and businesses. The three major credit bureaus are Experian, Equifax, and Trans Union.

Credit card - a card that authorizes the delivery of goods and services in exchange for future payment with interest, according to a specific schedule.

Credit report - an official record of a borrower's credit history, including such information as the amount and type of credit used, outstanding balances, and any delinquencies, bankruptcies, or tax liens.

Credit score/rating - a measure of creditworthiness based on an analysis of the consumer's financial history, often computed as a numerical score, using the FICO or other scoring systems to analyze the consumer's credit. A creditor's evaluation of a person's willingness and ability to pay debts as judged by character, capacity, and capital; a mathematical model used by lenders to predict the likelihood that bills will be paid as promised.

Credit union - a state or federally chartered not-for-profit financial cooperative that provides financial services to its member-owners, who have met specific employment, residence, or other eligibility requirements.

Creditworthy - the presumption that a specific borrower has sufficient assets, income, and/or inclination to repay a loan.

Debit card - a card that provides access to electronic funds transfer (EFT) from an automated teller machine (ATM) or a point-of-sale (POS) terminal.

Debt - something owed, usually measured in dollars. Entire amount of money owed to lenders.

Debt to Income Ratio - the percentage of a consumer's monthly gross income that goes toward paying debts.

Default - failure of a borrower to repay a student loan according to the terms agreed upon when the promissory note was signed. When a borrower defaults, the school, loan holder, state government, and federal government can take action to recover the money. Defaults are reported to national credit bureaus and might affect a borrower's ability to get credit in the future.

Delinquency - failure of a borrower to make a loan payment on the scheduled payment due date.

Depreciation - decline in a product's value that starts the moment a product is purchased.

Disposable income - gross pay minus deductions for taxes.

Diversification - a strategy for reducing some types of risk by selecting a wide variety of investments.

Dividends - earnings from corporate stock or credit union share accounts.

Down payment - (1) an initial, partial payment made at the time of purchase to permit the buyer to take delivery of the purchase. (2) a partial payment made to evidence good faith that the buyer will complete the purchase transaction at the time the contract is signed.
Earned income - earnings from employment, including commissions and tips.

Emergency fund - money set aside for unexpected expenses or for living costs in case of job loss.

Employee benefits - compensation that an employee receives in addition to a wage or salary.

Employer-sponsored retirement savings plan - tax-deferred investment programs, such as 401(k) plans for corporate employees and Section 457 plans for state and local government employees, which provide, in some cases, employer-matching funds.

Equity - stock ownership in a corporation.

Expansionary policy – a macroeconomic policy that seeks to expand the money supply to encourage economic growth or combat inflationary price increases.

Federal PLUS loan (parent loan) - a non-need-based student loan available to parents with a good credit history to help pay educational expenses of a dependent, undergraduate student who is enrolled on at least a half-time basis.

Federal Stafford loan (subsidized) - a need-based student loan for which interest is paid by the federal government during the in-school, grace and deferment periods.

Federal Stafford loan (unsubsidized) - a student loan that is not based on need, and for which interest is not paid by the federal government. Borrowers are responsible for all interest accrued on unsubsidized loans.

Finance charge - the total cost of credit, including interest and transaction fees.

Financial adviser - a person who provides financial information and advice. Examples include employee benefits staff, bank and credit union employees, credit counselors, brokers, financial planners, accountants, insurance agents, and attorneys.

Financial aid - money provided to the student and/or parents to help pay for the student's education. Major forms of financial aid include gift aid (grants and scholarships) and self-help aid (loans and work-study).

Financial institutions - businesses that deal primarily with money, such as deposits, investments, and loans, rather than goods or services.

Fixed rate mortgage - a mortgage in which the interest rate and the amount of each payment remain constant throughout the life of the loan.

Foreclosure - it is a repossession of property by a legal process due to default on terms of mortgage by the borrower. This property is sold at a public auction, the proceeds of which are used to settle mortgage debt.

Free Application for Federal Student Aid (FAFSA) - a federal form required to apply for federal student aid.

Gross pay - wages or salary before deductions for taxes and other purposes.

Identity theft - the crime of using another person's name, credit or debit card number, Social Security number, or another piece of personal information to commit fraud.

Income - money earned from investments and employment.

Individual Retirement Account (IRA) - an investment with specific tax advantages. A traditional IRA defers taxes on earnings until withdrawal and, under certain circumstances, allows the deduction of some contributions from current taxable income. A Roth IRA requires after-tax contributions only, but allows tax-free withdrawals under certain rules.

Inflation - an overall rise in the prices of goods and services; the opposite of the less common deflation.

Insurance - a risk management tool that protects an individual from specific financial losses under specific terms and premium payments, as described in a written policy document.

Insurance deductible - a set amount an insured person must pay per loss before the insurance company will pay a claim.

Insurance premium - the payment a person makes to an insurance company in exchange for its promise of protection and help.

Interest - payment for the use of someone else's money; usually expressed as an annual rate in terms of a percent of the principal (the amount owed).

Interest rate - the percentage rate of interest charged to the borrower or paid to a lender, saver, or investor.

Investing - purchasing securities such as stocks, bonds, and mutual funds with the goal of increasing wealth over time, but with the risk of loss. Setting aside money for future income, benefit, or profit to meet long-term goals; using savings to earn a financial return.

Investments - the amount of money invested in stocks, bonds, mutual funds, and other investment instruments.

Lease/leasing - a written contract specifying the terms for the use of an asset and the legal responsibilities of both parties to the agreement, such as a property owner and tenant.

Liability - an actual or potential financial obligation.

Liquidity - the quality of an asset that permits it to be converted quickly into cash without loss of value. For example, a mutual fund is more liquid than real estate.

Loan – a contractual promise between a borrower and a lender; the borrower agrees to repay a sum of money (generally with interest) in exchange for the lender giving another sum of money.

Medicare - a federal government program, financed by deductions from wages, that pays for certain health care expenses for older citizens. The Social Security Administration manages the program.

Mortgage - a long-term loan to buy real estate; that is, land and the structures on it.

Mutual fund - an investment tool that pools the money of many shareholders and invests it in a diversified portfolio of securities, such as stocks, bonds, and money market assets.

Net worth - a measure of a person's financial condition at a given time, equal to what that person owns (assets) minus what that person owes (liabilities).

Opportunity cost - the value of the second-best alternative that a person gives up when making one choice instead of another.

Payroll deductions - an amount an employer withholds from a paycheck. Mandatory deductions include various taxes. Voluntary deductions include loan payments, charitable contributions, and direct deposits into financial institution accounts.

Portfolio - a collection of securities—such as stocks, bonds, mutual funds, and real estate—that an individual investor owns.

Predatory Lending Practices - any of a number of fraudulent, deceptive, discriminatory, or unfavorable lending practices. Many of these practices are illegal, while others are legal but not in the best interest of the borrowers.

Principle - 1. an amount of money originally invested, excluding any interest or dividends. 2. an amount borrowed, or an outstanding loan balance.

Profit - the positive difference between total revenue and total expenses of a business or investment.

Purchasing Power - the value of money measured in the amount of goods and services that can be bought with it.

Rate of return - how fast money in savings account or investment grows. Annual earnings on an investment expressed as a percentage of the amount invested; also known as yield. Example: A $3 annual dividend divided by $34 share cost = 0.088, an 8.8% rate of return.

Retirement accounts - accounts such as IRAs (Individual Retirement Accounts), annuities and 401Ks that allow individuals to save money toward retirement on a tax-deferred basis.

Return on investment - the measure of profitability of an investment.

Risk - a measure of the likelihood of loss or profit; the uncertainty of an investment's rate of return. Possible losses involving income or standard of living. The possibility of a loss from perils to people or property covered by insurance.

Rule of 72 - how long it takes money to double in value. A rough calculation of the time or interest rate needed to double the value of an investment. Divide 72 by the interest rate to determine the number of years it will take money to double. Calculating interest on both principal and previously earned interest. For example: to figure how many years it will take to double a lump sum invested at an annual rate of 8%, divide 72 by 8, for a result of 9 years.

Salary - compensation for work expressed as an annual sum and paid in prorated portions regularly-usually weekly, bi-weekly, or monthly. See *Wage*.

Savings account - a financial institution deposit account that pays interest and allows withdrawals.

Savings bond - a document representing a loan of more than one year to the U.S. government, to be repaid, with interest on a specified date.

Scarcity - an economic condition created by an excess of human wants over the resources necessary to satisfy them; an inability to satisfy all of everyone's wants.

Security - 1. a legal agreement that records a debt or equity obligation from a corporation, government, or other organization. (e.g., stocks and bonds). 2. collateral for a loan.

Simple interest - interest calculated periodically on loan principal or investment principal only, not on previously earned interest.

Social Security - a federal government program that provides retirement, survivor's, and disability benefits, funded by a tax on income, which appears on workers' pay stubs as a deduction labeled FICA (for *Federal Insurance Contributions Act*, the enabling legislation).

Stock - an investment that represents shares of ownership of the assets and earnings of a corporation.

Supply and Demand - the relationship between the quantity consumers are willing and able to buy and the quantity producers are willing and able to produce; the point of agreement (quantity supplied equals quantity demanded) is where prices are set in a market-based economy.

Take-home pay - gross wage or salary, plus bonuses, minus deductions such as taxes, health care premiums, and retirement savings.

Time value of money - the relationship between time, money, and rate of return (interest), and their effect on earnings growth. The more time, money, and rate of interest, the more money yielded at the end of a period of time.

Trust - a legal arrangement through which a trust or manages a trustee's assets for the good of one or more beneficiaries.

Wage - compensation for work usually calculated on an hourly, daily, or piecework basis and paid on schedule—usually weekly, biweekly, or monthly. See *Salary.*

Wealth - accumulated assets; positive net worth.

Withholding - employer deductions from employees' earnings to pay employees' taxes.

Economics Vocabulary

Terms in this section were adapted from the dictionary and references available at Investopedia, LLC.

Note: While Personal Finance and Economics are not equally weighted in this study guide, they are in the Treasury Cup. These definitions are not all inclusive of the subject matter covered in the Treasury Cup, and we recommend using them as a starting point for study.

Autarky - a nation or entity that is self-reliant, or an economic system of self-sufficiency and limited trade.

Capital - refers to financial assets or the financial value of assets, such as funds held in deposit accounts, as well as the tangible machinery and production equipment used in environments such as factories and other manufacturing facilities.

Centrally Planned Economy - an economic system in which the state or government makes economic decisions rather than the interaction between consumers and businesses.

Dodd-Frank Wall Street Reform and Consumer Protection Act - a piece of financial reform legislation passed by the Obama administration in 2010 as a response to the financial crisis of 2008. The act established a number of new government agencies tasked with overseeing various components of the act and by extension various aspects of the banking system.

Dow Jones Industrial Average (DIJA) - a price-weighted average of 30 significant stocks traded on the NYSE and the NASDAQ.

Economies of Scale - Economies of scale refer to reduced costs *per unit* that arise from increased *total* output of a product.

Economy - Economy is the large set of inter-related production and consumption activities that aid in determining how scarce resources are allocated

Equilibrium - the point at which supply equals demand for a product, with the equilibrium price existing where the hypothetical supply and demand curves intersect.

Externality - a consequence of an economic activity experienced by unrelated third parties; it can be either positive or negative.

Fair Credit Reporting Act (FCRA) - the act that regulates the collection of credit information and access to your credit report.

Federal Deposit Insurance Corporation (FDIC) - the U.S. corporation insuring deposits in the United States against bank failure.

Free Market - a summary description of all voluntary exchanges that take place in a given economic environment.

Gini Index - a statistical measure of distribution. It is often used as a gauge of economic inequality, measuring income distribution or, less commonly, wealth distribution among a population. Also known as the Gini Coefficient.

Gross Domestic Product (GDP) – the monetary value of all the finished goods and services produced within a country's borders in a specific period of time. GDP is equal to all private consumption, gross investment, government investment, government spending, and net exports.

Gross National Product (GNP) - an estimate of total value of all the final products and services produced in a given period by the means of production owned by a country's residents. GNP is commonly calculated by taking the sum of personal consumption expenditures, private domestic investment, government expenditure, net exports, and any income earned by residents from overseas investments, minus income earned within the domestic economy by foreign residents.

Lemon Laws - Lemon laws are regulations that attempt to protect consumers in the event that they purchase a defective vehicle or other consumer products or services that does not meet their purported quality or usefulness.

Lorenz Curve - a graphical representation of income inequality or wealth inequality. The graph plots percentiles of the population according to income or wealth on the horizontal axis and cumulative income or wealth on the vertical axis.

Marginal Cost of Production - The marginal cost of production is the change in total cost that comes from making or producing one additional item. The purpose of analyzing marginal cost is to determine at what point an organization can achieve economies of scale

Market Economy - A market economy is an economic system in which economic decisions and the pricing of goods and services are guided solely by the aggregate interactions of a country's individual citizens and businesses. There is little government intervention or central planning.

Mixed Economy - A mixed economic system protects private property and allows a level of economic freedom in the use of capital, but also allows for governments to interfere in economic activities in order to achieve social aims.

National Association of Securities Dealers Automated Quotations (NASDAQ) - a global electronic marketplace for buying and selling securities, as well as the benchmark index for U.S. technology stocks.

New York Stock Exchange (NYSE) - a stock exchange based in New York City that is considered the largest equities-based exchange in the world, based on total market capitalization of its listed securities.

Open Market Operations (OMO) - refer to the buying and selling of government securities in the open market in order to expand or contract the amount of money in the banking system.

Pareto efficiency - also known as "Pareto optimality," is an economic state where resources are allocated in the most efficient manner, and it is obtained when a distribution strategy exists where one party's situation cannot be improved without making another party's situation worse.

Perfect competition - a theoretical market structure. Under perfect competition, there are many buyers and sellers, and prices reflect supply and demand. Companies earn just enough profit to stay in business and no more. If they were to earn excess profits, other companies would enter the market and drive profits down.

Price ceiling/floor – A price ceiling is the maximum price a seller is allowed to charge for a product or service. A price floor is the lowest acceptable limit as restricted by controlling parties.

Price elasticity of demand - a measure of the change in the quantity demanded or purchased of a product in relation to its price change. Expressed mathematically: price elasticity of demand = % Change in Quantity Demanded / % Change in Price. Terms used to describe price elasticity include elastic, inelastic, and unit elasticity.

Production Possibilities Frontier (PPF) - a curve depicting all maximum output possibilities for two goods, given a set of inputs consisting of resources and other factors. The PPF assumes that all inputs are used efficiently.

Progressive tax - takes a larger percentage from high-income earners than it does from low-income individuals.

Proportional tax - an income tax system where the same percentage of tax is levied from all taxpayers, regardless of their income.

Recession - a significant decline in activity across the economy, lasting longer than a few months.

Regressive tax - takes a larger percentage of income from low-income earners than from high-income earners.

Security - a fungible, negotiable financial instrument that holds some type of monetary value. It represents an ownership position in a publicly-traded corporation (via stock), a creditor relationship with a governmental body or a corporation (represented by owning that entity's bond), or rights to ownership as represented by an option.

Sherman Antitrust Act - 1890 U.S. legislation which outlawed trusts, then understood to mean monopolies and cartels, to increase economic competitiveness.

Stagflation - a condition of slow economic growth and relatively high unemployment – economic stagnation – accompanied by rising prices, or inflation, or inflation and a decline in Gross Domestic Product.

U.S. Federal Reserve - the central bank of the United States. Today, the Federal Reserve "sets the nation's monetary policy, supervises and regulates banking institutions, maintains the stability of the financial system and provides financial services to depository institutions, the U.S. government and foreign official institutions."

Unemployment rate - The unemployment rate is the share of the labor force that is jobless, expressed as a percentage.

World Trade Organization (WTO) - the only international organization that deals with the global rules of trade between nations.

Contact Information

Want to Connect?

We want the Vermont Treasury Cup Challenge to be a fun and educational experience. If you have any questions, please get in touch with the financial literacy team at the Vermont Treasurer's Office and we'll work with you to provide answers. We can be reached at:

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