(a) Knowledge and skills.

(1) Fundamental Concepts of Economics Related to PFL. The student understands how foundational economic principles, ethical decision making, and personal responsibility are essential to personal financial literacy. The student is expected to:

(A) analyze how changes in prices and economic conditions can affect personal spending, saving, and financial planning (E);

(B) identify that individuals have personal responsibility, including financial integrity and accountability, for their financial choices and the management of personal finances (E);

(C) explain that scarcity requires individuals to make trade-offs when allocating resources including time and money (E, S);

(D) evaluate how opportunity cost impacts personal financial choices by comparing the value of the next best alternative (E, S); and

(E) contrast free enterprise with socialist and communist economic systems, and explain how differences in the systems affect private property, freedom of choice, voluntary exchange, and wealth building (E, G/Civ).

(2) Personal Financial Planning, Goal Setting, and Decision-Making. The student develops a personal framework to guide financial decisions and uses structured critical thinking to evaluate alternatives and discuss decisions. The student is expected to:

(A) develop one-year, five-year, and ten-year financial, education, and career goals that are specific, measurable, attainable, realistic, and time-based, and explain how financial decisions support those goals (E, S);

(B) describe how completing education, obtaining full-time employment, and delaying marriage and children until adulthood can support financial stability and long-term wealth building (E, S);

(C) explain how saving and investing, delayed gratification, increased income, and reduced spending can contribute to building wealth and achieving personal goals (E);

(D) develop a ten-year personal financial plan with annual benchmarks that integrates education, career, income, saving, investing, major purchases, financial independence goals, risk management, and appropriate estate-planning considerations (E, S);

(E) describe and financially evaluate a future scenario that includes career and income, education, housing, transportation, major anticipated expenses, saving and emergency planning, and long-term financial goals (E, S); and

(F) review and revise personal financial goals and plans as new knowledge, skills, circumstances, and economic conditions are analyzed during the course (E, S).

(3) Careers, Postsecondary Education, and Earning Potential. The student analyzes personal interests, career pathways, labor-market conditions, and postsecondary education options to align career decisions with personal goals and financial plans. The student is expected to:

(A) identify personal interests, skills, values, and aptitudes and align them with multiple potential career pathways, including careers that may emerge as technology and the economy change (E, S);

(B) research career pathways using labor-market data, online resources, and artificial intelligence (AI) tools to evaluate income growth, employment trends, global competition, comparative advantage, required education and skills, and potential employers;

(C) describe the effects of technological and workforce changes on the labor market, including the effects of AI (E, S);

(D) describe how education, skills, certifications, technical training, internships, and work-based learning influence income opportunities in a competitive free enterprise labor market (E);

(E) evaluate postsecondary pathways, including universities, community colleges, technical programs, certificate programs, military options, and industry credentials (E, S);

(F) calculate the total cost of postsecondary education or training, including tuition, fees, housing, books, instructional materials, transportation, personal expenses, technology, and related costs, and then evaluate the return on investment, opportunity costs, risks, and debt obligations associated with postsecondary education and career pathways (E, S);

(G) list funding sources for postsecondary education, including grants, scholarships, work-study, employer-subsidized tuition, internships, student loans, tax credits, and family or personal contributions (E, G/Civ);

(H) demonstrate the process of securing and maintaining employment, including preparing application materials and a resume, conducting a job search, interviewing with prospective employers, maintaining a professional appearance, and identifying practices that support job retention and advancement (E, S); and

(I) incorporate career, education or training, funding, and relevant deadlines into the ten-year personal financial plan (E, S).

(4) Consumer Economics and Financial Decision-Making. The student understands how habits, personal responsibility, consumerism, emotional responses, and external pressures affect personal financial decisions and demonstrates the ability to apply strategies for responsible, ethical, and informed financial decision-making in a digital age. The student is expected to:

(A) distinguish between needs and wants and explain how marketing influences consumer perceptions of needs and wants (E, S);

(B) interpret how consumerism behaviors can lead to unfavorable financial outcomes and identify strategies, including self-discipline and delayed gratification, to avoid common errors in financial judgment (E, S);

(C) explain how marketing strategies, including social media influencers, algorithm-driven recommendations, financial technology platforms, and traditional advertising, influence spending behavior and financial decision-making (Geo/C, E, S); and

(D) apply structured financial decision-making frameworks, including cost-benefit analysis and opportunity cost evaluation, to make evidence-based financial decisions and demonstrate accountability for outcomes (E, S).

(5) Earning Income. The student understands sources of income and factors that affect earning potential, compensation, postsecondary pathways, and income-related responsibilities. The student is expected to:

(A) identify sources of earned income, including wages, salaries, tips, bonuses, commissions, and contract income (E);

(B) determine the total value of earned income for a selected career pathway including wages or contract income, employer contributions to health insurance, retirement plans, and paid leave and other benefits (E, S);

(C) assess the financial trade-offs of contract employment, independent contracting, and freelance work, including income variability, taxes, insurance, and benefits (E, S);

(D) differentiate between gross pay and net pay by explaining how taxes, deductions, and withholdings affect take-home earnings using sample pay stubs (E, S); and

(E) describe how interest, dividends, and royalties can provide regular cash flow from investments (E, S).

(6) Budgeting: Spending and Planning. The student understands that financial decision-making impacts budgets and helps achieve financial goals by allocating income to spending, saving, giving, and other financial priorities while reflecting responsible stewardship and intentional use of resources. The student is expected to:

(A) develop a balanced budget that accounts for income, fixed and variable expenses, and savings as a proportion of total income using digital or manual tools (E, S);

(B) identify budget components as needs, including housing, utilities, food, transportation, insurance, and communication, and wants, including dining out, entertainment, vacations, subscriptions, and other nonessential purchases (E, S);

(C) explain the importance of living below one's means to avoid living paycheck to paycheck by controlling expenses and consistently allocating income toward an emergency fund, saving and investing, and debt repayment to reach long-term financial goals (E, S);

(D) describe how budgeting supports saving and investing and increases the time available for compound growth and long-term wealth accumulation (E, S);

(E) calculate and compare the costs, benefits, and long-term affordability of renting versus buying a home, including utilities, insurance, total cost, contract terms, rent, and mortgage options (E, S);

(F) analyze, using historical inflation data, how inflation affects purchasing power, savings, and budgeting, and apply the findings to personal financial decisions (E, S); and

(G) identify assets and liabilities and construct a personal net worth statement to measure financial health and demonstrate prudent stewardship of resources (E, S).

(7) Saving and Investing. The student understands that saving and investing are essential components of building wealth, financial security, and long-term independence, including principles of ethical stewardship, personal responsibility, and respect for individual liberty. The student is expected to:

(A) explain how the pay-yourself-first principle, through consistent saving and investing practices before discretionary spending, supports long-term financial goals and wealth building, including automatic deposits and payroll deductions;

(B) compare the features, benefits, and limitations of various savings options by evaluating interest rates, risk, liquidity, fees, and deposit insurance protections (E, S);

(C) compare common individual and employer-sponsored retirement savings options based on factors such as tax treatment and employer contributions or matching, and explain the role of Social Security in long-term retirement planning;

(D) calculate simple and compound interest and apply the Rule of 72 to estimate savings growth, investment growth, and borrowing costs (E, S); and

(E) create and justify a diversified hypothetical investment portfolio based on financial goals, time horizon, risk tolerance, fees, diversification, and expected return.

(8) Credit and Debt. The student understands the costs and benefits of borrowing and lending and how they impact financial health, including principles of ethical stewardship, personal responsibility, and wise financial decision-making. The student is expected to:

(A) describe how credit functions as a financial tool that allows individuals to borrow money, access opportunities, and leverage future income while creating a liability that requires repayment and personal responsibility (E, S);

(B) compare high-cost and predatory lending practices with lower-cost debt options based on interest and other fees, repayment terms, and financial risk and identify why predatory credit should be avoided (E, S);

(C) identify common components of a consumer credit report;

(D) identify factors that affect creditworthiness over time, including debt-to-income ratio, payment history, and income (E, S);

(E) develop a plan to build or maintain creditworthiness (E, S);

(F) analyze the components of the cost of borrowing, including annual percentage rate, fixed versus variable interest rates, length of term, grace period, and additional fees (E, S); and

(G) describe the financial consequences of excessive debt, including default, collection actions, repossession, foreclosure, and bankruptcy, and identify how excessive debt can limit financial opportunities and long-term wealth creation (G/Civ, E, S).

(9) Risk Management and Insurance. The student understands that managing risk through saving, insurance, fraud prevention, and legal protections helps safeguard against potential loss and ensure long-term financial well-being. The student is expected to:

(A) explain how geographic factors influence insurance needs and costs, including uninsured motorist, flood, fire, wind, and hail coverage (Geo/C, E);

(B) analyze how personal risk factors and coverage choices affect insurance premiums, including coverage amounts, deductibles, replacement costs, and policy limits (E, S);

(C) identify types of insurance coverage options, including health, auto, renters or homeowners, life, and disability insurance (E, S);

(D) explain the importance of estate planning, including wills, powers of attorney, advance directives, and designating beneficiaries (G/Civ, E);

(E) identify common financial frauds and scams, including identity theft, and describe steps to prevent and respond to them; and

(F) explain how an emergency savings fund works together with insurance as part of ensuring long-term financial well-being (E).

(10) Entrepreneurship and Personal Financial Opportunity. The student understands that entrepreneurship in a free enterprise system rooted in individual initiative and economic liberty can provide opportunities for individuals to create value, assume risk, earn profit, build personal financial stability, and contribute to economic growth through responsible and ethical financial decision-making. The student is expected to:

(A) identify how acquired skills and knowledge can create opportunities for innovation through entrepreneurship by recognizing consumer needs and market opportunities for potential products or services (E, S);

(B) describe how entrepreneurs use individual initiative, innovation, private property, and factors of production to solve market problems, create value, assume financial risk, earn profit, and build wealth in a free enterprise system (E, S);

(C) identify that the overwhelming majority of businesses in Texas are small businesses created by entrepreneurs and describe how entrepreneurs build wealth by creating jobs and contributing to community prosperity (E, G/Civ, S);

(D) evaluate how entrepreneurship, self-employment, and multiple income streams can support personal financial stability, resilience, and long-term financial goals (E, S); and

(E) create a hypothetical product or service related to a personal interest or aptitude that fills an identified consumer or market need that applies personal financial literacy concepts (E).